



**WEST
DUNBARTONSHIRE
COUNCIL**

FINANCIAL STATEMENTS

Year Ended 31 March 2008

(Draft – Subject to Audit)

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

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Foreword by the Executive Director of Corporate Services

Introduction

The purpose of these accounts is to provide clear information about the Council's financial position as at 31 March 2008. The foreword is intended to give the reader an easy to understand guide to the most significant matters reported in the accounts.

Overview of Core Financial Statements

The accounts comply fully with the Code of Practice on Local Authority Accounting in Great Britain. Two major categories of expenditure are included in the financial statements: revenue and capital. Revenue expenditure represents the day to day running costs that the Council incurs to provide services. Capital expenditure is the cost of acquiring, constructing and improving the assets which the Council uses to provide services.

Revenue expenditure is recorded in a number of accounts with the main purposes of each statement summarised as follows:

- *The Income and Expenditure Account* details the income and expenditure relating to all Council services. It is shown on pages 12.
- *The Statement of Movement on the General Fund Balance* shows how the Income and expenditure Account surplus or deficit for the year reconciles to the movement on the General Fund for the year. It is shown on page 13.
- *The Statement of Total Recognised Gains and Losses (STRGL)* shows all gains and losses experienced by the Council, not just those that are reflected in the income and expenditure account. It is now necessary to consider all gains and losses that contribute to the change in the "net worth" of the Council over the course of the financial year when assessing the financial result for that period. It is shown on page 14.
- *Housing Revenue Account* is funded mainly from rents and deals with the costs of managing and maintaining the Council's own housing stock. It is shown on pages 38 to 39 which also includes the statement of movement on the Housing Revenue Account Balance.

Capital expenditure is analysed for each department in the *Capital Account* on page 42 which details the budgetary performance of each department and summarises the sources of finance that have been applied to each programme.

The *Balance Sheet* on pages 15 to 16 brings together the assets and liabilities of the Council. It is a statement of the resources of the Council and the means by which they have been financed. It is also a report on the Council's financial position at one particular point in time, a snapshot of its financial affairs at the close of the year expressed in accounting terms.

The Statement on Movements in Reserves pages (43 and 44) provides further information about some of the figures in the Balance Sheet.

The *Cash Flow Statement* on page 17 summarises the inflows and outflows of cash arising from transactions with third parties on both day to day revenue transactions and on capital activities. Cash is defined for the purpose of the statement as cash-in-hand and deposits repayable on demand less overdrafts repayable on demand.

Additional *Notes To The Core Financial Statements* are provided on pages 18 to 37 which give further information and analysis relevant to each statement.

Income and Expenditure Account

This account covers the day to day operational expenditure for each department of the Council. It shows where the money came from and what it was spent on. Income from council tax, non domestic rates and revenue support grant was £192.968m against a forecast of £191.824m. The net expenditure on services for the year was £196.628m (as shown on page 12 - Net Cost of Services £173.772m plus precepts £22.856m). This compares with the budgeted figure of £195.895m (as detailed within page 27, note 16)

The Council was required to increase its provision for the cost of both pay modernisation and residual equal pay claims to £13.752m. This was reported to Council 19 December 2007. Several actions were introduced during the year to help with the funding of this issue including a freeze on the filling of non essential vacancies and a review of the purchase of supplies and services. These actions were successful to the extent that, after taking account of earmarked balances, a small in year surplus was achieved.

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Foreword by the Executive Director of Corporate Services (cont'd)

When the overall General Services deficit for the year of £1.258m is added to the brought forward balance from the previous year, the accumulated surplus at 31 March 2008 is £3.308m (as shown on page 13). This includes an earmarked amount of £1.031m, leaving £2.277m available for future use. The Council has a prudential reserves policy which aims to retain a reserve of 2% of net expenditure to safeguard assets and services against financial risk. The current target prudential reserves level for the General Fund is £4.826m and, following the settlement of equal pay claims, the Council is currently aiming to restore its reserve to this level over a three year period.

Housing Revenue Account

By law, the Council has to maintain a separate account for its housing stock. The number of units owned by the Council at 31 March 2008 was 11,543. The account shows a surplus for the year of £0.554m. In line with the prudential reserves policy, the target reserves level for 2008/09 for the Housing Revenue Account is £0.627m. Taking account of an in year surplus (£0.554m), the brought forward balance from the previous year (£0.984m) and the amount applied to the 2008/09 budget (£0.300m), the balance available to the HRA for future use is £1.238m

Cash Flow Statement

The Council's cash flow statement shows a decrease of £9.617m during 2007/08 (note 32, page 37) mainly as a result of an increase in temporary investments held due to both deferred revenue income and income held from the sale of assets not yet re-invested.

Principal Sources of Finance

The principal sources of finance utilised by the Council in 2007/08 were as follows :

Revenue support grant	£115.037 million	provided by the Scottish Government
Specific Government grants	£5.731 million	provided by the Scottish Government
Non-domestic rate income	£33.363 million	provided by the Scottish Government
Council tax/community charge	£38.837 million	raised from local taxpayers
Housing rents	£28.061 million	raised from tenants
Other income	£82.322 million	sales fees & charges and other contributions for services

Although the Council received £33.363m non domestic income from the Scottish Government £55.234 million was paid to the Scottish Government from non domestic rates collected in West Dunbartonshire which represents a net contribution to central government of £21.871 million.

The Council's Council Tax Team increased tax collection to record levels during the year. The in-year collection of Council tax increased to 92.8% which was 0.7% better than 2006/07 and 0.1% better than the target originally set for 2007/08.

Pension Assets and Liabilities

The Council participates in the Strathclyde Pension Fund and the FRS17 calculation (pages 23 to 25) show a deficit based on a snapshot valuation of the fund as at 31 March 2005, updated for the following year by the independent actuaries to the fund. The valuation states that assets held at the valuation date were sufficient to cover 97.23% of accrued liabilities

Long Term Borrowing

The Council's Treasury Strategy for 2007/08 was agreed by the Council in March 2006. In accordance with the strategy the Council rescheduled £7.164m of existing debt which was all PWLB. The Council also raised no long term loans and repaid naturally maturing debt of £0.077m. The total outstanding long term debt as at 31 March 2008 was £210.761m including £90.331m for the Council's housing stock. The interest and expenses rate charged by the Council's loans fund was 6.89%.

Trading Operations

The Council now maintains separate accounts for two statutory trading operations under the provisions of the Local Government Scotland Act 2003: Housing Property Maintenance and Grounds Maintenance/Street Cleaning. These two operations returned a total collective surplus of £1.365m. Both operations have achieved a break even performance over the last three years, consistent with their statutory requirements. Further details are provided on pages 19 and 20.

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Foreword by the Executive Director of Corporate Services (cont'd)

Capital Finance

The Council is able to regulate its own capital spending limits within the framework recommended by the Chartered Institute of Public Finance and Accountancy and endorsed by the Scottish Government. The necessary treasury indicators and safeguards have been approved by Council and have resulted in increases to both the General Services and Housing Capital programmes for 2007/08 and beyond. Details of the capital budgets and expenditure are shown in the capital account on page 42. Total gross expenditure amounted to £29.998m. Expenditure was less than budget by £3.647m. This slippage was shared between General Services (£2.913m) and HRA (£0.734m). This slippage is primarily due to the timing of architectural, planning and tendering processes which was recognised in the Council's capital programme.

Group Accounts

This is the third year of the new requirement for local authorities to prepare group accounts in addition to their own accounts where they have material interest in other organisations. The group accounts on pages 45 to 53 consolidate the Council's accounts with five other entities, together with the Common Good and Trust Funds. The effect of combining these entities on the group balance sheet is to reduce reserves and net assets by £190.551m, creating an overall net asset of £55.697m. This reflects the combined pension liability of these organisations. However, as there is no reason to suggest that future funding to these bodies will not continue, the accounts have been prepared on a going concern basis.

Change in Accounting Policies

This year's accounts had a number of changes to the way in which they were presented previously. This has meant that some comparative figures have been adjusted. This is further explained on page 18.

Conclusion

The financial results show an under-spend across all services after adjusting for a carry-forward of budgeted resources. Considering the significant and exceptional financial pressures faced by the Council we have successfully managed our affairs within the budget set and the financial objectives prescribed. This is a satisfactory performance and reflects well on both the efforts and professionalism of the staff and on our financial management and monitoring procedures.

Acknowledgement

The production of the Annual Accounts is very much a team effort and I wish to record my thanks to both my own staff and to colleagues in all services whose efforts have contributed to the completion of these accounts.

Joyce White FCMA
Executive Director of Corporate Services
West Dunbartonshire Council
30 June 2008

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Statement of Responsibilities
for the Statement of Accounts

The Authority's Responsibilities:

The Authority is required:

- ☐ to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Executive Director of Corporate Services
- ☐ to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Executive Director of Corporate Services' Responsibilities:

The Executive Director of Corporate Services is responsible for the preparation of the Authority's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain (the Code of Practice), is required to present fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2008.

In preparing this statement of accounts, the Executive Director of Corporate Services has:

- ☐ selected suitable accounting policies and then applied them consistently
- ☐ made judgements and estimates that were reasonable and prudent
- ☐ complied with the Code of Practice.

The Executive Director of Corporate Services has also:

- ☐ kept proper accounting records which were up to date
- ☐ taken reasonable steps for the prevention and detection of fraud and other irregularities.

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Statement on the System of Internal Financial Control

This statement is given in response to the financial statements of West Dunbartonshire Council for the year ended 31 March 2008. We acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources at the Council's disposal.

The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Council. In particular, the system includes:

comprehensive budgeting systems
regular reviews of periodic and annual financial reports which indicate financial performance against the forecasts
setting targets to measure financial and other performance
the preparation of regular financial reports which indicate actual expenditure against the forecast
clearly defined capital expenditure guidelines
an effective Internal Audit service
scrutiny by the Audit & Performance Review Committee of the Council.

The Manager of Audit produces an annual audit plan based on a risk assessment of the Council's systems and processes. The audit plan is endorsed by the Audit & Performance Review Committee. This Committee meets regularly and receives reports from the Manager of Audit. Our external auditors also attend. The Manager of Audit produces an annual report on the work carried out by Internal Audit during the year. This report contains a view on the effectiveness of the system of internal financial control. Although during the year slippage occurred from the level of audit work planned, the independent opinion reached in the annual internal audit report was that reasonable assurance could be placed on the system of internal financial control.

The Internal Audit service operates in accordance with the CIPFA Code of Practice for Internal Audit in Local Government. The Manager of Audit meets regularly with chief internal auditors for other authorities and staff are appropriately trained.

Our review of the effectiveness of the system of internal financial control is informed by:
the audit work undertaken by Internal Audit during the year to 31 March 2008;
the assessment of risk completed during reviews of the strategic audit plan;
reports issued by the Council's external auditors, KPMG LLP, and other review agencies
knowledge of the Council's governance, risk management and performance monitoring arrangements; and
statements of internal financial control produced by those authorities which the Council has determined will be included in the preparation of Group Accounts:

Strathclyde Joint Police Board
Strathclyde Fire Board
Strathclyde Partnership for Transport
Strathclyde Concessionary Travel Joint Board

From the above, we are satisfied that the Council has in place a sound system of internal financial control and that appropriate mechanisms are in place to identify any areas of weakness and to take appropriate action.

There are, however, weaknesses identified in the Report issued by Audit Scotland on the Audit of Best Value and Community Planning in West Dunbartonshire Council which are being addressed by the Council as a priority.

Following a follow up review which was carried out during the year by Audit Scotland, an updated Best Value Improvement Plan and monitoring framework have been put in place and remedial action is being taken to ensure the Council is delivering Best Value Services, most notably in relation to decision making, scrutiny, management structures and financial and workforce planning. The Manager of Audit will continue to monitor progress on the improvement plan during 2008/09.

Signed David McMillan
Chief Executive

Date 30 June 2008

Signed Joyce White
Executive Director of Corporate Services

Date 30 June 2008

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Statement of Accounting Policies

The general principles adopted in compiling and presenting the Accounts are reviewed annually and are those recommended by the Code of Practice on Local Authority Accounting in the UK, issued jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC).

1. Debtors

All specific and material sums payable to the Council have been brought into account.

2. Creditors

All salaries and wages earned up to 31 March 2008 have been included in the Abstract of Accounts for 2007/08 irrespective of when actual payments were made.

Sundry Creditors have been accrued on the basis of payments made during the first three weeks following 31 March 2008 together with specific accruals in respect of further material items.

3. Revenue Grants

All revenue grants are matched with the expenditure to which they relate. Grants made to finance the general activities of a local authority, or to compensate for loss of income, are credited to the revenue account of the financial year to which they relate.

4. Allocation of Central Support Expenses

The costs of all central support services are fully allocated to user departments. The method of allocation is determined by the individual support services and in many instances is time based.

~~Corporate and democratic core and direct service activities have been differentiated as required by the Accounting Code of Practice.~~

5. Financing costs

The Council operates a loans fund and all loans raised are paid into the fund. Advances are made to departments to finance capital expenditure during the year and the advances are repaid by annual annuity, over the estimated life of the asset.

Interest has been calculated and allocated to the Income and Expenditure Account in accordance with LASAAC note 2.

Annual charges to the Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of instrument of the loan.

Included in debtors are interest free loans to community groups. Where material, the interest notionally foregone is recognised in the Income and Expenditure Statement. Scottish Government regulations require that this notional figure is excluded from the General Fund by a transfer to or from the Financial Instrument Adjustment Account in the Statement of Movement on the General Fund Balance.

6. Repurchase of Borrowing

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to Net Operating Expenditure in the Income and Expenditure Account in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio with substantially the same overall effect when viewed as a whole, gains and losses are recognised on the Balance Sheet and written down to revenue on a straight line basis over the term of the replacement loans. The reconciliation of amounts charged to the Income and Expenditure Account to the net charge required against the General Fund balance is managed by a transfer to/from the Financial Instruments Adjustment Account in the Statement of Movement on the General Fund Balance.

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Statement of Accounting Policies (cont'd)

7. Provisions

Provisions are charged to the appropriate service revenue account in the year that the Council becomes aware of the obligation, based upon the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision held within the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and where it becomes more likely than not that a transfer of economic benefits will now not be required (or a lower settlement is likely) the provision is reversed and credited back to the relevant service revenue account.

The Council has made provision, based on past experience, for the loss of local taxation income arising from bad and doubtful debts and for successful valuation appeals. Provision has also been made for bad and doubtful debts for all other items of income.

8. Valuation of Assets and Investments

(a) Stores and Materials

In general, consumable stock brought into account has been valued at weighted average cost.

(b) Work in Progress

This has been valued at cost plus an appropriate proportion of overheads, together with attributable profits and allowances for foreseeable losses.

(c) Investments

Investments are valued at the lower of cost or market value.

9. Capital Accounting

(a) Accounting Policy Statement

The Accounts have been drawn up in accordance with the appropriate Code of Practice on Local Authority Accounting which is recognised by statute as representing proper accounting practices. The main points of the capital accounting policy followed by the Council include:-

- (i) The definition of capital in relation to the purchase and construction of new assets and the enhancement of existing assets.
- (ii) The type of expenditure that can be capitalised.
- (iii) A summary explanation of the Council's Asset Register and depreciation policies.
- (iv) For 2007/08, a de minimis asset value of £6,000 was applied prior to charging depreciation.

(b) Fixed Assets

All expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis.

Operational assets have been included in the Balance Sheet at the lower of net current replacement cost or net realisable value in existing use.

Non operational assets have been included in the Balance Sheet at open market value.

The valuations of both operational property and surplus properties are as verified by the Executive Director of Housing, Environmental and Economic Development and are certified by his appropriately qualified Estates Officer as complying with the Statement of Asset Valuation Practice and Guidance Notes as published by the Royal Institution of Chartered Surveyors. Other specialised properties such as infrastructure, community assets and listed buildings are included at historic cost.

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Statement of Accounting Policies (cont'd)

9. Capital Accounting (cont'd)

(c) Deferred Charges

All expenditure on improvement grants is charged to the service revenue account – Non HRA housing – in the year in which it is spent.

(d) Depreciation

All operational assets, other than non-depreciating land and community assets are being depreciated over their useful economic lives.

Services are charged for the use of assets no matter how financed and this charge equates to a provision for depreciation where appropriate. Depreciation is charged on a straight line basis over the pre-determined useful life period as agreed with the Council Valuer (refer to 9(g)).

In the case of the Trading Operations, the charge for the use of assets includes a provision for depreciation plus an interest charge for the actual cost of borrowing for capital expenditure. This non SORP accounting treatment fully complies with the specific reporting requirements under the Local Government in Scotland Act 2003 for the Council's Trading Operations.

In the case of the Housing Revenue Account the principal, interest and expenses elements of debt charges have been charged directly to the Housing Revenue Account as has the amount of capital expenditure financed from Capital Financed from Current Revenue.

In the case of non operational assets, this is not charged to service revenue accounts, but is reflected in the income and expenditure account through non distributed costs.

(e) Impairment

The values of each category of assets are reviewed at the end of each financial year for evidence in reduction in value. Where impairment has been identified this is accounted by being charged to the relevant service revenue account. The reconciliation of amounts charged to the Income and Expenditure Account to the net charge required against the General Fund Balance is managed by a transfer to/from the Capital Adjustment Account in the Statement of Movement on the General Fund.

(f) Valuation

The Consolidated Balance Sheet brings together all the assets and liabilities of the Council's General Fund, Trading Accounts and Loans Fund and should be read in conjunction with the Statement of Accounting Principles. Assets are valued as follows:

Council Dwellings - comparative open market value discounted for potential sales under the Right to Buy legislation. The basis of valuation has changed in 2007/08 to take account of the size of dwellings.

Other Land and Buildings - open market value for existing use or depreciated replacement cost basis as appropriate. A few minor properties have been valued at historic cost or net realisable value.

Infrastructure - depreciated historic cost.

Community Assets - depreciated historic cost.

Vehicles, Plant, Furniture and Fittings - depreciated historic cost.

Intangible Assets – depreciated historic cost.

Non Operational Assets -	Assets Under Construction	-	historic cost
	Other Than Assets Under Construction	-	open market value

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Statement of Accounting Policies (cont'd)

9. Capital Accounting (cont'd)

(f) Valuation (cont'd)

Valuation - the Council has a five year rolling programme for valuing all assets other than those valued at historic cost. The planned programme of revaluation for 2007/08 and each of the following four years is as follows:

2007/08	all council non-operational properties
2008/09	schools/Social Work homes
2009/10	housing stock/any other properties not previously revalued/general re-appraisal
2010/11	halls/public conveniences/leisure/sports centres and libraries
2011/12	crematorium/cemeteries/operational offices & depots

(g) Useful Lives

The useful lives of the assets are as follows:

Council Dwellings	40 years
Other Land and Buildings	operational buildings 20 – 40 years
Infrastructure	20 years
Vehicles, Plant, Furniture and Fittings	5 – 10 years
Intangible Assets	5 – 10 years
Component Assets	5 – 20 years

10. Receipts arising from the sale of Capital Assets

All receipts generated within both the Housing Revenue Account and the General Fund Account may be used to finance capital expenditure or to reduce the Council's borrowing requirement.

11. Profit or loss on Disposal of Assets

Profits and losses on the disposal of assets are credited or debited to the Income and Expenditure Account within the 'net cost of service'.

12. Leased Assets

Leases that do meet the definition of finance leases are accounted for as operating leases. The rentals for all leases classified as operating leases have been charged to the appropriate service revenue accounts, when they became payable.

13. Government Grants

Grants, subsidies and donations have been credited to the appropriate revenue and capital accounts and accruals have been made for the balances known to be receivable for the period to 31 March 2008.

14. Pension Costs and Retirement Benefits

The accounting treatment followed by the Council is in accordance with the Financial Reporting Standard Number 17 (FRS17) which was issued by the Accounting Standards Board in November 2000.

Employees of the Council are members of two separate pension schemes:

- The Teachers' Pension Scheme, administered by Scottish Pensions Agency
- The Local Government Pensions Scheme, administered by Glasgow City Council

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Statement of Accounting Policies (cont'd)

Both schemes provided defined benefits to members earned as employees of the Council. However, the arrangements for the Teachers' scheme mean that liabilities for these benefits cannot be identified to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme – no liability for future payments of benefits is recognised in the Balance Sheet and the Education Service revenue account is charged with the employer's contributions payable to teachers' Pensions in the year.

15. Group Accounts

The Council has fully adopted the 2007 SORP accounting requirements for group accounts. Any deviation from the Council's main accounting policies are noted within page 46.

16. Grants and Contributions

Amounts credited to the Income and Expenditure Account from Deferred Grants is included within the 'net cost of service'.

17. VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenues and customs and all VAT paid is recovered from them.

18. Overheads and Support Services

The cost of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Best Value Code of Practice 2007. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the council's status as a multi-functional democratic organisation

- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early

These two cost categories are accounted for as separate headings in the Income and Expenditure Account, as part of Net Cost of Services.

19. Reserves

Reserves are created by appropriating amounts in the Statement of Movement on the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Net Cost of Services in the Income and Expenditure Account. The reserve is appropriated back into the General Fund Balance statement to ensure no net charge against council tax for the expenditure.

20. Trading Operations

The Local Government in Scotland Act 2003 repealed performance duties under the Government's compulsory competitive tendering legislation and replaced them with reporting results of significant trading operations.

Details of these operations are detailed in Note 3 in the Notes to the Core Financial Statements. In accordance with Council policy, the surplus or deficit on each trading operation has been taken to the Income and Expenditure Account.

21. Financial Guarantees

Any financial guarantees the Council has committed to since 1 April 2006 have been recognised at fair value and assessed for probability of the guarantee being called and the likely amount payable under the guarantee. Any material provision for this has been recognised in the Statement of Accounts.

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Financial Statements for the Year Ended 31 March 2008

Income and Expenditure Account

2006/07 Net Expenditure Restated £000	Notes	Service	2007/08 Gross Expenditure £000	2007/08 Gross Income £000	2007/08 Net Expenditure £000
2,354		Central Services	5,488	1,648	3,840
2,615		Corporate and Democratic Core	3,185	74	3,111
1,405		Non distributed costs	10,138	0	10,138
12,544		Cultural and Related Services	13,719	1,205	12,514
88,194		Educational Services	100,337	15,412	84,925
9,022		Environmental Services	17,696	6,880	10,816
(3,999)		Housing Services	67,701	70,945	(3,244)
(1,212)		Planning and Development Services	5,307	6,744	(1,437)
7,384		Roads and Transport Services	16,886	9,355	7,531
40,210		Social Work Services	82,587	37,009	45,578
158,517		Net Cost of Services	323,044	149,272	173,772
(1,906)		Gain or Loss on Disposal of Fixed Assets	0	3,710	(3,710)
22,663		Precepts	36,550	13,694	22,856
(2,554)	3	Surpluses on Trading Undertakings not included in net cost of services	0	1,365	(1,365)
11,338		External Interest Payable and similar charges	12,277	0	12,277
837		Gain/loss early settlement of borrowing	838	0	838
(671)		Interest Earned	0	1,554	(1,554)
(2,105)	13	Pension Interest Cost and Expected return on Pension Assets	23,038	26,290	(3,252)
186,119		Net Operating Expenditure	395,747	195,885	199,862
(36,769)		Council Tax	0	38,837	(38,837)
(34,123)		Non-Domestic Rates	0	33,363	(33,363)
(115,003)		Revenue Support Grant	0	120,768	(120,768)
224		(Surplus)/Deficit to be met from Balances b/f	395,747	388,853	6,894

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Statement of Movement on the General Fund Balance

The Income and Expenditure Account highlights the actual financial performance for the year. However, the authority is required to raise council tax on a different accounting basis. The main differences are:

- (a) Capital investment is accounted for as it is financed, rather than when the assets are consumed.
- (b) Interest is accounted for when it is received or paid, rather than on the effective interest rate over the life of the loan.
- (c) Premiums and discounts arising from debt restructuring are amortised over the period of the replacement loan in accordance with Scottish Government regulations, rather than when the original loan is extinguished.
- (d) Retirement benefits are charged when amounts become payable to the pension funds and pensioners, rather than as future benefits are earned.

The Statement of Movement on the General Fund balance is a reconciliation summary.

2006/07 £000	Notes		2007/08 £000	2007/08 £000
224		(Surplus)/Deficit for the year on the Income and Expenditure Account		6,894
(2,962)		Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year *		(5,636)
(2,738)		(Increase)/decrease in the General Fund Balance		1,258
(1,828)		General Fund Balance brought forward		(4,566)
(4,566)		General Fund Balance carried forward		(3,308)
<hr/>				
		Amounts included in Income and Expenditure Account but require to be excluded when determining the Movement on the General Fund Balance for the year		
(30)		Amortisation of intangible assets	(30)	
(20,656)		Depreciation and impairment of fixed assets	(26,991)	
3,928		Government Grants Deferred amortisation	888	
1,906		Net loss/surplus on Disposal of Fixed Assets	3,710	
2,905	13	Net charges made for retirement benefits in accordance with FRS17	3,189	
				(19,234)
		Amounts not included in Income and Expenditure Account but require to be included by statute when determining the Movement on the General Fund Balance for the year		
12,930		Loans Fund Principal repayments	13,559	
407		Capital Expenditure charged in-year to the General Fund Balance	0	
13,337				13,559
		Transfers to/from General Fund Balance that are required to be taken into account when determining the movement on the General Fund Balance for the year		
(1,500)		Contribution from HRA Balance to General Fund	0	
18	5, 12	Surplus transferred to/(from) HRA Account	554	
11		Transfers to (from) capital items replacement fund	(9)	
(2,881)		Movement on pension reserve	(506)	
(4,352)				39
(2,962)		Net additional amount required to be (credited)/debited to the General Fund balance for the year*		(5,636)

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Statement of Total Recognised Gains and Losses

This statement brings together all the gains and losses of the Council for the year. In addition to the surplus/deficit on the Income and Expenditure Account, it also includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover retirement benefit costs.

2006/07		2007/08
£000		£000
224	Deficit for the year on the Income and Expenditure Account	6,894
(19,469)	Deficit/ (Surplus) arising on the revaluation of fixed assets	(15,005)
(30,174)	Actuarial (gains)/losses on pension fund assets and liabilities	(43,423)
<u>0</u>	Adjustment made to Balance Sheet relating to Financial Instruments	<u>22,374</u>
<u>(49,419)</u>	Total recognised gains and losses for the year	<u>(29,160)</u>

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Balance Sheet as at 31 March 2008

2006/07 £000	Note		2007/08 £000	2007/08 £000
		Intangible Assets		
121	19	Software Licenses		201
		Operational Assets		
189,434	19	Council Dwellings	192,968	
172,560	19	Other Land and Buildings	173,320	
12,770	19	Vehicles, Plant and Equipment	12,475	
27,699	19	Infrastructure	29,053	
240	19	Community	240	408,056
<u>402,824</u>				<u>408,257</u>
		Non Operational Assets		
50,328	19	Investment Properties	53,002	
13,432	19	Surplus Assets held for Disposal	13,791	
0	19	Assets under construction	<u>1,022</u>	67,815
63,760				
		Investments		
606	21	Long Term Debtors		515
21,900		Deferred Premiums on Early Repayment of Debt		0
489,090		Total Long Term Assets		476,587
		Current Assets		
964	22	Stocks and Work in Progress	849	
35,186	23	Sundry Debtors	35,795	
14,611		Short Term Investments	23,642	
51		Cash in Hand	<u>51</u>	60,337
50,812				
		Current Liabilities		
(37,046)	20, 24	Sundry Creditors	(35,135)	
(2,904)	20	Bank Overdraft	(2,309)	
(538)	20	Borrowing repayable on demand or within 1 year	<u>(550)</u>	(37,994)
<u>(40,488)</u>				
499,414		Total Assets less Current Liabilities		498,930
(207,052)	20	Borrowing Repayable after 12 Months	(210,761)	
(6,566)	25	Provisions	(13,752)	
(56,405)		Liability relating to Defined Pension Scheme	(10,298)	
(12,303)	26	Deferred Grants	<u>(17,871)</u>	(252,682)
(282,326)		Total Long Term Liabilities		
217,088		Total Assets Less Liabilities		246,248

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Balance Sheet as at 31 March 2008 (cont'd)

2006/07 £000	Note		2007/08 £000	2007/08 £000
		Represented by:		
		Capital Reserves		
0		Revaluation Reserve	13,359	
0		Capital Adjustment Account	243,661	
0		Financial Instruments Adjustment Account	(22,374)	
144,136		Fixed Asset Restatement Account	0	
108,833		Capital Financing Account	0	
<u>14,638</u>		Usable Capital Receipts Reserve	<u>10,959</u>	
267,607				245,605
		Revenue Provisions and Reserves		
(56,405)		Pension Reserve	(10,298)	
4,566	28	General Fund	3,308	
984	28	Housing Revenue Account	1,538	
336		Capital Items Replacement Fund	327	
<u>0</u>		Schools Regeneration Sinking Fund	<u>5,768</u>	
<u>(50,519)</u>				<u>643</u>
<u>217,088</u>		Total Net Worth		<u>246,248</u>

Joyce White FCMA
Executive Director of Corporate Services
West Dunbartonshire Council
30 June 2008

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Cash Flow Statement

2006/07 £000	Notes		2007/08 £000	2007/08 £000
		<u>REVENUE ACTIVITIES</u>		
		Cash Outflow		
146,815		Cash paid to and on behalf of employees	147,715	
144,086		Other operating cash payments	129,272	
<u>14,281</u>		Housing Benefit paid out	<u>14,790</u>	
305,182				291,777
		Cash Inflow		
(10,395)		Rents (after rebates)	(10,262)	
(37,293)		Council Tax income	(38,887)	
(115,003)		Revenue Support Grant	(120,768)	
(35,346)		Non Domestic Rates	(34,845)	
(31,796)		DSS Grants for rebates	(31,325)	
(38,246)		Other Government Grants	(36,960)	
(50,843)		Cash received for goods and services	(35,140)	
<u>(14,908)</u>		Other operating cash receipts	<u>(15,133)</u>	
<u>(333,830)</u>				(323,320)
<u>(28,648)</u>		Net Cash Inflow from Revenue Activities		<u>(31,543)</u>
		<u>SERVICING OF FINANCE</u>		
		Cash Outflow		
11,967		Interest etc. paid		11,601
		Cash Inflow		
(575)		Interest received		(1,554)
<u>11,392</u>		Net Cash Outflow from Servicing of Finance		<u>10,047</u>
		<u>CAPITAL ACTIVITIES</u>		
		Cash Outflow		
26,979		Purchase/Improvement of fixed assets	<u>28,309</u>	28,309
		Cash Inflow		
(12,588)		Sale of fixed assets	(7,474)	
(3,972)		Capital grants received	(6,336)	
<u>(579)</u>		Other capital cash receipts	<u>(1,430)</u>	
<u>(17,139)</u>				(15,240)
<u>9,840</u>		Net Cash Outflow from Capital Activities		<u>13,069</u>
<u>(7,416)</u>		Net Cash Outflow/(Inflow) before Financing		<u>(8,427)</u>
		Management of Liquid Resources		
<u>10,791</u>		Net increase/(decrease) in Liquid Resources		<u>8,951</u>
<u>10,791</u>		Net Cash Outflow/(Inflow) from Management of Liquid Resources		<u>8,951</u>
		<u>FINANCING</u>		
		Cash Outflow		
57,200		Repayment of amounts borrowed		7,241
		Cash Inflow		
(61,174)		New loans raised		(7,170)
<u>(3,974)</u>		Net Cash Outflow/(Inflow) from Financing		<u>71</u>
<u>(599)</u>		(Increase)/Decrease in Cash		<u>595</u>

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008
Notes to the Core Statements

Note 1 : Major Changes in Accounting Practice

The 2007 Statement of Recommended Practice (the SORP) introduced a number of presentational changes to the main or "core" financial statements. This is a result of the greater convergence between the Accounting Code of Practice (ACOP) and the wider UK Generally Accepted Accounting Practices (GAAP). Although there is no impact on the overall reported financial position of the Council, the content of the financial statements is amended.

The following changes have been introduced this year for the first time:

- i. The re-measurement of "financial instruments" (investments, lending, borrowing and guarantees). Loans receivable and payable are now carried at amortised cost in the Balance Sheet. Guarantees are carried at "fair value". Premiums on debt restructuring are written-off completely to the Income and Expenditure Account. The interest receivable or payable that is recognised in the Income and Expenditure Account is based on the carrying amount of the lending or borrowing multiplied by its effective rate of interest.
- ii. The introduction of a new accounting reserve that arises from the restatement to amortised cost or fair value – the Financial Instruments Adjustment Account. The Financial Instruments Adjustment Account is a balancing account to allow for differences in statutory requirements and proper accounting practices for lending and borrowing by the Council.
- iii. The replacement of the Fixed Asset Restatement Account and Capital Financing Account by a Revaluation Reserve and Capital Adjustment Account. The Revaluation Reserve represents the store of gains on revaluation of fixed assets not yet realised through sales and the Capital Adjustment Account relates to amounts set aside from capital resources to meet past expenditure.

The 2006/07 comparative figures have been brought forward unchanged from the 2006/07 Statement of Accounts in accordance with the SORP requirements. All adjustments to balances as a result of the recognition, extinguishments and re-measurement of financial instruments have been made to the opening balances for 2007/2008 i.e. disclosed as a "prior year" adjustment in the Balance Sheet. The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account. Downward revaluations have been treated as impairment in accordance with the SORP.

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Notes to the Core Statements (cont'd)

Note 2 : Central Support Services

Central support services are allocated fully over other services. The total cost of the services is made up as follows:

2006/07 Net Allocation £000	Service	Gross Costs £000	Income £000	2007/08 Net Allocation £000
203	Chief Executive	198	0	198
151	Executive Director of Corporate Services	167	0	167
1,291	Legal, Administrative & Regulatory Services	1,416	135	1,281
49	Central Purchasing	47	0	47
5,751	Finance & ICT	6,511	422	6,089
891	Personnel	915	0	915
456	Policy Unit	524	31	493
225	Public Relations	301	18	283
948	Architectural and Related Services	1,445	271	1,174
101	Canteen	91	0	91
33	Courier Service	30	0	30
1,761	Office Accommodation	1,700	70	1,630
180	Procurement	190	0	190
272	Risk management	278	2	276
446	Internal Audit	441	0	441
12,758	Total	14,254	949	13,305

Note 3 : Net Surplus on Trading Operations

The Local Government Scotland Act 2003 repealed the legislation governing compulsory competitive tendering. The Act introduced a requirement for statutory trading accounts to be maintained for "significant trading operations". A service is deemed to be a significant trading account where the service is provided in a competitive environment, it is charged on a basis other than straightforward recharge of cost and the service is deemed to be significant. The figures below include an interest charge for the assets as noted within the accounting policies.

2006/07 Surplus/ (Deficit) £000	Trading Account	Expenditure £000	Income £000	2007/08 Surplus/ (Deficit) £000
1,235	Housing Property Maintenance	13,079	13,645	566
	Grounds Maintenance & Street Cleaning	7,567	8,366	799
478		20,646	22,011	1,365

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Notes to the Core Statements (cont'd)

Note 3 : Net Surplus on Trading Operations (cont'd)

It is the duty of a local authority to conduct each of its significant trading operations so that, taking every year with the two previous years, total revenue is not less than expenditure. The analysis for 2005/06 to 2007/08 is as follows:

Trading Account		Housing Property Maintenance	Grounds Maintenance/ Street Cleaning
		£000	£000
Net surplus/(deficit) reported	2005/06	1,320	0
	2006/07	1,235	478
	2007/08	<u>566</u>	<u>799</u>
		<u>3,121</u>	<u>1,277</u>

Through annual review and evaluation the Council reduced its statutory trading operations to two services in 2007/08, namely grounds maintenance/street cleaning and housing property maintenance

The above table confirms that the trading account which has been statutory for three years (i.e. housing property maintenance) has met the break even target. The grounds maintenance/street cleaning trading operation has only been statutory for two years.

A brief outline of the services delivered by the statutory trading accounts is provided below:

Housing Property Maintenance Trading Services - delivers an economic, efficient and effective housing repairs service to its customers.

Grounds Maintenance/Street Cleaning Services – aims to make a positive impact on the health and wellbeing of residents and visitors to the area through cleaner and well maintained Council areas.

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Notes to the Core Statements (cont'd)

Note 4 : Material Transactions with Related Parties

A requirement of the Accounting Code of Practice is that a local authority's accounts should disclose material transactions with related parties i.e. organisations that the Council can influence or who can influence the Council. Transactions involving related parties in 2007/08 that are within the Council's group accounts are summarised below:

2006/07 Net	Organisation	Description	2007/08 Receipts	2007/08 Payment	(Debtor)/ Creditor at 31.03.08
£000			£000	£000	£000
712	Dumbarton and Argyll & Bute Valuation Joint Board	Annual running costs	0	715	0
13,073	Strathclyde Police Joint Board	Annual running costs	0	12,990	(232)
8,878	Strathclyde Fire Joint Board	Annual running costs	0	9,151	0
1,698	Strathclyde Passenger Transport Authority	Annual running costs including concessionary fares scheme	0	1,683	0

Transactions with other related parties are summarised below:

2006/07 Net	Organisation	Description	2007/08 Receipts	2007/08 Payment	(Debtor)/ Creditor at 31.03.08
£000			£000	£000	£000
6,703	Scottish Executive	Teachers' pension fund contribution	0	7,394	(651)
(114,753)	Scottish Executive	Revenue support grant	96,294	0	0
(30,471)	Scottish Executive	Government grants	46,822	0	(2,848)
1,150	Clydebank Rebuilt	Contribution on regeneration of area	0	305	0
13,498	Strathclyde Pension Fund	Employee and employers' pension contributions	0	13,769	1,185
11,466	Scottish Water	Water and sewerage charges collected by Council and paid over	0	11,595	130
25,967	HM Revenue and Customs	VAT/Income tax and NI	6,724	32,357	1,111
(6,652)	NHS Greater Glasgow and Clyde	Care in the community services by the Council	7,915	820	25

The Council maintains a register of interests for members and reviews this for transactions carried out in the year with entities which members have an interest. In the year ended 31 March 2008, the Council has not had any transactions totalling more than £0.500m for any body in which members have an interest.

Note 5 : Housing Revenue Account Surplus : £0.554m (2006/07 £1.482m)

The Housing Revenue Account returned a surplus for the year of £0.554m (2006/07 £1.482m surplus) which was transferred to the Housing Revenue Account balance.

Note 6 : Local Government Act 1986 - Separate Publicity Account

Section 5 of this Act requires the Council to maintain a separate account for publicity. Expenditure of £219,136 was incurred during 2007/08 (2006/07 £310,685) in respect of the following items:

2006/07		2007/08
£		£
165,146	Recruitment	82,152
145,539	Advertising and other publications	136,984
310,685		219,136

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Notes to the Core Statements (cont'd)

Note 7 : Skillseekers

This scheme is primarily funded by Dunbartonshire Enterprise and £735,002 (2006/07 £678,600) was received from this agency during 2007/08 after successful completion of predefined training modules by participants in the scheme. The net cost to the Council of operating the scheme was £38,010 (2006/07 £44,150).

Note 8 : Operating Lease Rentals

The Council leases a number of assets by operating leases. The cost of lease rentals is shown within service spending but no asset appears in the balance sheet. Operating leases cost £0.558m in 2007/08 (2006/07 £0.698m). The unexpired commitment on these leases totals £1.774m (2006/07 £2.206m), with £0.287m falling due in 2007/08 and is profiled by maturity below:

2006/07		2007/08
£000	Maturity Profile:	£000
269	0 – 1 year	161
163	1 - 2 years	0
0	2 - 5 years	0
0	5 – 10 years	0
126	More than 10 years	126
<u>558</u>		<u>287</u>

Note 9 : Local Authorities (Goods and Services) Act 1970

Councils must keep separate account of agreements entered into under this legislation. Income and expenditure on services during 2007/08 amounted to :

2006/07		2007/08
£000		£000
382	Expenditure	935
566	Income	405

Note 10 : Officers' Emoluments

The number of staff whose emoluments in the year exceeded £50,000 per annum (excluding severance costs) was as follows:

2006/07				2007/08
21	£50,001	To	£60,000	28
11	£60,001	To	£70,000	14
3	£70,001	To	£80,000	5
1	£80,001	To	£90,000	1
1	£90,001	To	£100,000	1
0	£100,001	To	£110,000	1

Note 11 : Members' Allowances

The total of members' allowances paid in the year was £384,790 (2006/07 £306,423).

Note 12 : Transfer from Housing Revenue Account

Under the terms of Schedule 15 (para 9.1) of the Housing (Scotland) Act 1987, local authorities may transfer funds from the HRA to the General Fund. The Council made no transfer (2006/07 £1.500m) from the HRA to the General Fund accordingly.

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Notes to the Core Statements (cont'd)

Note 13 : Pensions

(a) Non Teachers

In 2007/08, the Council paid an employer's contribution of £11.099m (2006/07 £10.190m) representing 17.4% (2006/07 16.5%) of employees' pensionable pay into the Strathclyde Pension Fund, which is managed by Glasgow City Council. This fund provides members with defined benefits related to pay and service.

The employer's contribution rate is determined by the Fund's Actuary based on triennial actuarial valuations which determine whether employers are contributing sufficiently to maintain the Fund's solvency. The last valuation was undertaken as at 31 March 2005. The valuation showed that the required level of contributions to be paid to the Fund by West Dunbartonshire Council for the three years of the intervalation period should be set at 260% - 2006/07, 270% - 2007/08 and 280% - 2008/09 of the employee's rate. There is a valuation due in the financial year 2008/09.

In addition, the Council is responsible for all pension payments relating to added years' benefits which it has awarded together with the related increases. In 2007/2008, these amounted too £2.301m (2006/07 £1.836m) representing 2.2% (2006/07 1.8%) of employees' pensionable pay. Strain on the Fund costs are charged over the period to which they relate. In 2007/08, the charge was £1.080m (2006/07 £1.067m) and the liability to meet future payments was £2.777m (2006/07 £3.351m).

Councils are also required to disclose the capital cost of discretionary increases in pension payments agreed by the Authority. In 2007/2008 the capitalised costs that would have arisen from the early retiral of West Dunbartonshire Council employees and from predecessor authorities were as follows:

	£000
2007/2008	2,643
In earlier years	28,016
Total	30,659

For the financial year 2007/08, the council recognised the cost of retirement benefits in the net cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out the Income and Expenditure Account after net operating expenditure. The following transactions have been made in the Income and Expenditure Account during the year.

2006/07		2007/08
£000	Net cost of services	£000
13,955	Current service cost	12,824
1,328	Past service cost	1,273
77	Curtailments and settlements	839
	Net operating expenses	
20,591	Interest cost	23,038
(22,724)	Expected return on assets	(26,290)
	Amount to be met from government grants and local taxation	
(2,901)	Movement on pension reserve	(585)
	Actual amount charged against council tax for pensions in year	
10,326	Employer contributions payable to scheme	11,099

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Notes to the Core Statements (cont'd)

Note 13 : Pensions (cont'd)

(a) Non Teachers (cont'd)

Further details on pension liabilities are provided in (c) below. On page 44 the Statement of Total Movement in Reserves details the costs that arose through the year. Estimates made in preparing figures for the previous years have had to be revised. Prior to 2004/05, the method used to calculate the value of committed liabilities was based upon long term gilt yields. During 2004/05 this method was changed and now the valuation is based upon long dated corporate bonds. This has increased the committed liability by a significant amount.

The actuarial valuation states that assets held at the valuation date were sufficient to cover 97.23% (2006/07 – 86.64%) of accrued liabilities at that date.

(b) Teachers

In respect of the Teachers' Pension Scheme, administered by the Scottish Executive and which provides its members with defined benefits related to pay and service, the employer's contribution rate was 13.5%. The amount paid over in respect of employer's contributions was £5.068m (2006/07 £4.907m).

In respect of expenditure in respect of teachers added years, no payments were made (2006/07 nil).

(c) Pension Assets and Liabilities

In accordance with Financial Reporting Standard No 17 – *Retirement Benefits* (FRS 17), the Council is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees. As explained above, the Council participates in two formal schemes, the Local Government Pension Scheme (Scotland), which is administered by the Strathclyde Pension Fund, and the Teachers' Scheme. The Council is not required to record information related to the Teachers' Scheme as the liability for payment of pensions rests ultimately with the Scottish Executive. In addition, the Council has liabilities for discretionary pension payments outside the main schemes.

The Council's assets and liabilities amounted to:

	2007/08 £000	2006/07 £000	2005/06 £000
Share of assets in the Strathclyde Pension Fund	361,739	365,895	336,141
Estimated liabilities in the Strathclyde Pension Fund	(341,378)	(390,471)	(394,604)
Net liabilities in the Strathclyde Pension Fund	20,361	(24,576)	(58,463)
Estimated liabilities for discretionary pensions	(30,659)	(31,829)	(28,140)
Net pension asset/(liability)	(10,298)	(56,405)	(86,603)

Assets (employer's share) are valued at fair value, principally market value for investments, and consist of:

	£000		Rate of Return	2006/07 Return	2005/06 Return
Equity investments	262,625	73%	7.7%	7.8%	7.4%
Bonds	52,072	14%	5.7%	4.9%	4.6%
Property	35,598	10%	5.7%	5.8%	5.5%
Cash	11,444	3%	4.8%	4.9%	4.6%
	361,739	100%			

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Notes to the Core Statements (cont'd)

Note 13 : Pensions (cont'd)

(c) Pension Assets and Liabilities (cont'd)

Liabilities are valued on an actuarial basis using the projected unit method, which assesses the future liabilities of the fund discounted to their present value. The rate used to value liabilities changed in 2004/05 and they are now valued on the ASB basis (long dated high quality corporate bonds). In previous years the liabilities have been valued using the CIPFA discount rate (based on long term gilt yields). The change in the rate used to value liabilities has resulted in an increase in past service liabilities and future service costs of approximately 33%. They are based on a valuation as at 31 March 2005 updated for the following year, by the independent actuaries to the Strathclyde Pension Fund. The main assumptions used in the calculations are:

	2007/08	2006/07	2005/06
Rate of price inflation	3.6%	3.2%	3.1%
Rate of increase in salaries	5.1%	4.7%	4.6%
Rate of increase in pensions	3.6%	3.2%	3.1%
Rate for discounting scheme liabilities	6.9%	5.4%	4.9%

The above excludes any Net Pension liability that the Council may have to contribute to in respect of the Joint Boards of Police, Fire, Passenger Transport and Valuation. These costs are shown within each Joint Board's balance sheet and the Council may be required to make an increased constituent contribution in the years when the liability falls to be met.

2006/07 £000		2007/08 £000
279	Actual return less expected return in Pension Scheme Assets	(37,454)
0.71%	As a percentage of scheme liabilities	(10.35%)
(1,625)	Experience Gains and losses arising on the scheme liabilities	(1,316)
(0.42%)	As a percentage of scheme liabilities	(0.35%)

Note 14 : Audit Fees

In 2007/08 the council incurred the following fees relating to external audit in respect of external audit services undertaken in accordance with the Code of Audit practice:

2006/07 £		2007/08 £
300,920	Fees payable for external audit services and certification of grant claims.	309,120
(28,130)	Fees payable/refunds made in respect of past years	0
<u>272,790</u>		<u>309,120</u>

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Notes to the Core Statements (cont'd)

Note 15 : Items of Expenditure and Income

The Income and Expenditure Account on page 12 and the service summary on page 27 are presented below in a different layout to compare actual with budget.

2006/07 Actual £000	What the money was spent on:-	2007/08 Budget £000	2007/08 Actual £000
135,567	Employee Costs	140,240	142,639
32,353	Property Costs	28,889	28,116
41,133	Supplies and Services and administration	51,013	49,622
3,090	External Services	2,813	3,389
6,153	Transport	5,735	6,635
56,698	Payment to Other Bodies	62,621	64,910
24,362	Requisitions from Joint Boards	25,073	24,539
31,366	Housing Benefit	32,505	31,717
330,722	Cost of Council Services	348,889	351,567
(7,386)	Appropriations	(14,317)	(12,598)
12,175	External interest Payable	12,162	13,115
(258)	Interest Charged on Revenue Balances	(500)	(1,554)
335,253		Total 346,234	350,530

2006/07 Actual £000	Where the money came from:-	2007/08 Budget £000	2007/08 Actual £000
27,602	Housing Rents	28,114	28,061
85,206	Other Income	85,253	89,415
5,368	Specific Government Grants	5,804	5,731
31,366	Housing Benefit Subsidy	31,585	31,732
149,542	Income From Council Services	150,756	154,939
149,126	Revenue Support Grant and Non-Domestic Rates	153,619	154,131
2,554	Trading Operations Surplus	1,634	1,365
36,769	Council Tax	38,205	38,837
(2,738)	Reserves and Surpluses	2,020	1,258
335,253		Total 346,234	350,530

This note is a restatement of the Income and Expenditure Account (which is shown on page 12). In order to reconcile the note to the Account, the cost of council services (above) of £351.567m less the income from council services (above) of £154.939m equals £196.628m. This is the value of net cost of services within the Income and Expenditure Account of £173.772m and precepts of £22.856m.

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Notes to the Core Statements (cont'd)

Note 16 : Service Summary

The service summary at page 12 is in accordance with the Best Value Accounting Code of Practice (BVACOP) and is re-presented below according to the reporting structure of the Council.

2006/07 Actual Restated £000	Notes	Services	Gross Expenditure £000	Gross Income £000	Net Expenditure £000	2007/08 Budget £000
0		Central Support Services	14,254	14,254	0	0
84,197		Educational Services	102,707	16,149	86,558	86,063
38,200		Social Work	77,218	36,215	41,003	40,705
24,312		Housing, Environmental and Economic Services	57,050	35,626	21,424	22,285
0		Housing Revenue Account (HRA)	33,807	34,361	(554)	603
3,198		Corporate Services	39,029	35,440	3,589	4,094
7,412		Other Services	10,488	1,195	9,293	10,855
		Requisitions -				
13,071		Police	26,684	13,694	12,990	13,476
8,933		Fire	9,151	0	9,151	9,199
1,972		Strathclyde Passenger Transport Executive	1,683	0	1,683	1,683
695		Valuation Joint Board	715	0	715	715
<u>181,990</u>		Net Cost of Services	<u>372,786</u>	<u>186,934</u>	<u>185,852</u>	<u>189,678</u>
		Adjust for items charged to departments but accounted for below the net cost of services in the Income and Expenditure Account				
6,640		General Services	14,858	0	14,858	6,820
(7,450)		HRA	(7,297)	(3,216)	(4,082)	(603)
<u>181,180</u>			<u>380,347</u>	<u>183,718</u>	<u>196,628</u>	<u>195,895</u>

Note 17 : Corporate and Democratic Core Costs

In accordance with BVACOP, costs have been identified in respect of General Services Corporate and Democratic Core comprising of £1.015m (2006/07 £1.048m) for Corporate Management and £2.096m (2006/07 £1.567m) for Democratic Representation and Management.

Note 18 : Expenditure and Income Details

The information contained in the Income and Expenditure Account (page 12) is in summary format. Detailed information can be supplied on request by the Finance Service, Council Offices, Garshake Road, Dumbarton G82 3PU, by telephone to 01389 737191 or by e-mail to finance@west-dunbarton.gov.uk.

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Notes to the Core Statements (cont'd)

Note 19: Fixed Assets

1) Movement in Assets during 2007/08

	Council house dwellings £000	Land & buildings £000	Infrastructure £000	Vehicles & Plant £000	Non- operational £000	Community £000	Intangibles £000	Total £000
Historic Cost	198,516	191,363	35,672	19,558	63,978	240	151	509,478
Historic Cost Depreciation	(9,082)	(11,589)	(7,973)	(6,788)	(103)	0	(30)	(35,565)
Historic Cost impairment	0	(7,214)	0	0	(115)	0	0	(7,329)
Depreciated Historic Cost at 1.4.07	189,434	172,560	27,699	12,770	63,760	240	121	466,584
Adjustments/Revaluations	0	(269)	0	0	4,329	0	0	4,060
Additions	13,905	8,119	3,337	2,433	2,094	0	110	29,998
Disposals	(2,999)	(226)	0	0	(2,240)	0	0	(5,465)
Impairment	(1,965)	(3,097)	(212)	(60)	(99)	0	0	(5,433)
Depreciation	(5,407)	(3,767)	(1,771)	(2,668)	(29)	0	(30)	(13,672)
Net Book Value at 31.3.08	192,968	173,320	29,053	12,475	67,815	240	201	476,072

Memorandum Notes

(i)

	Council house dwellings £000	Land & buildings £000	Infrastructure £000	Vehicles & Plant £000	Non- operational £000	Community £000	Intangibles £000	Total £000
Historic Cost	198,516	191,363	35,672	19,558	63,978	240	151	509,478
Adjustments/Revaluations	0	(269)	0	0	4,329	0	0	4,060
Additions	13,905	8,119	3,337	2,433	2,094	0	110	29,998
Disposals	(2,999)	(226)	0	0	(2,240)	0	0	(5,465)
Impairment	(1,965)	(3,097)	(212)	(60)	(99)	0	0	(5,433)
Other Adjustments to Historic Cost	0	(7,713)	(193)	(3,041)	(218)	0	0	(11,165)
Current Cost at 31.3.08	207,457	188,177	38,604	18,890	67,844	240	261	521,473
Adjustment re Fully Depreciation Historic Cost Assets	0	13	193	3,041	0	0	0	3,247
Cumulative Depreciation	(14,489)	(14,870)	(9,744)	(9,456)	(29)	0	(60)	(48,648)
Net Book Value at 31.3.08	192,968	173,320	29,053	12,475	67,815	240	201	476,072

(ii)

	Council house dwellings £000	Land & buildings £000	Infrastructure £000	Vehicles & Plant £000	Non- operational £000	Community £000	Intangibles £000	Total £000
Historic Cost Depreciation	9,082	11,589	7,973	6,788	103	0	30	35,565
In Year Depreciation	5,407	3,767	1,771	2,668	29	0	30	13,672
Write out Depreciation on Revaluation/Disposal	0	(486)	0	0	(103)	0	0	(589)
Cumulative Depreciation	14,489	14,870	9,744	9,456	29	0	60	48,648

(iii)

	Council house dwellings £000	Land & buildings £000	Infrastructure £000	Vehicles & Plant £000	Non- operational £000	Community £000	Intangibles £000	Total £000
Historic Cost Impairment	0	7,214	0	0	115	0	0	7,329
In Year Impairment	1,965	3,097	212	60	99	0	0	5,433
Cumulative Impairment	1,965	10,311	212	60	214	0	0	12,762

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Notes to the Core Statements (cont'd)

Note 19: Fixed Assets (cont'd)

2) Analysis of Net Assets Employed

2006/07		General	Housing	Trading	Total
£000		Services	Revenue	Accounts	£000
		£000	Account	£000	
189,434	Housing	0	192,968	0	192,968
172,560	Other land and buildings	172,549	536	235	173,320
27,699	Infrastructure	28,681	372	0	29,053
12,770	Vehicles, plant, furniture & fittings	9,880	2,187	408	12,475
63,760	Non operational	66,626	1,189	0	67,815
240	Community	240	0	0	240
121	Intangibles	201	0	0	201
466,584		278,177	197,252	643	476,072

3) Information on Assets Held

Operational Buildings		Operational Equipment	
Administrative buildings	14	Vehicles and heavy plant	246
Depots	11		
Social Work homes for the elderly	6	Community Assets	
Social Work children's homes	4	Playing fields	13
Social Work centres for learning disabilities	2	Bowling clubs and pavilions	10
Primary schools	34	Parks	14
Secondary schools	7	Pavilions	3
Special schools	1	Boat House	1
Nursery schools	13	Play areas	1
Halls	7	Other grounds	32
Sport centres	3	Works of Art	548
Swimming pools	1		
Libraries	8	Council Dwellings	11,543
Community centres	11		
Crematoriums and Cemeteries	11	Infrastructure Assets	
Public conveniences	2	Traffic light sets	89
Theatres	1	Roads in kilometres	343
Pavilions	2	Bridges	125
Indoor play areas	1	Joint ownership bridges	5
Golf courses	1	Lighting units	15,578
School and lodge houses	17	Illuminated bollards	190
Outdoor education centres	1		

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Notes to the Core Statements (cont'd)

Note 20 : Financial Instruments

(a) Types of Financial Instrument

Accounting regulations require the "financial instruments" (investment, lending and borrowing of the Council) shown on the balance sheet to be further analysed into various defined categories. The investments, lending and borrowing disclosed in the balance sheet are made up of the following categories of "financial instruments".

	Long-term		Current	
	31.03.08 £000	31.03.07 £000	31.03.08 £000	31.03.07 £000
Lending				
Loans and receivables	515	606	50,998	39,826
Borrowing				
Financial liabilities at amortised cost	210,761	207,005	37,994	40,488

(b) Fair Value of Assets and Liabilities carried at Amortised Cost

Financial assets (represented by lending and receivables) and financial liabilities (represented by borrowings) and are carried in the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instrument, using the following assumptions:

- The 2008 fair value of PWLB loans are calculated by reference to the premature repayment set of rates in force on 31 March 2008, the 2007 figure by reference to the set of interest rates in force on 30 March 2007. The fair value market loans and other loans and receivables are calculated using estimated interest rates of 4%.
- No early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

	31.03.08		31.03.07	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Lending				
Loans and receivables	51,513	51,513	40,432	40,432
The fair value is equal to the carrying amount because all loans and receivables are either short term or at a fixed interest rate or a variable rate linked to base rate and without significant transaction costs.				
	31.03.08		31.03.07	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Borrowing				
Financial liabilities	248,755	289,089	247,493	272,614
The fair value is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the balance sheet date. The commitment to pay interest above current market rates increases the amount that the Council would have to pay if the lender requested or agreed to early repayment of the loans.				

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Notes to the Core Statements (cont'd)

Note 20 : Financial Instruments (Cont'd)

(c) Gains and Losses on Financial Instruments

The gains and losses recognised in the Income and Expenditure Account and Statement of Total Recognised Gains and Losses in relation to financial instruments are made up as follows:

	Loans & receivables £000	Liabilities measured at amortised cost £000	Total £000
Income			
Interest and Investment Income	2,698	0	2,698
Expenditure			
Interest/expense	0	(14,259)	(14,259)
Losses on de-recognition	0	(329)	(329)
Impairment losses	(2,204)	0	(2,204)
	(2,204)	(14,588)	(16,792)
Net (Gain)/loss for the year	494	(14,588)	(14,094)
Reversal via Statement of Movement on Fund balances	0	329	329
Net (gain)/loss for the year	494	(14,259)	(13,765)

(d) Nature and Extent of Risks arising from Financial Instruments

The Council's management of treasury risks actively works to minimise the Council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The Council has fully adopted CIPFA's Code of Treasury Management Practices and has written policies and procedures covering specific areas such as credit risk, liquidity risk and market risk.

Credit Risk

Credit risk arises from the short-term lending of surplus funds to banks, building societies and other local authorities as well as credit exposures to the Council's customers. It is the policy of the Council to place deposits only with a limited number of high quality UK banks and building societies whose credit rating is independently assessed as sufficiently secure by the Council's treasury advisers and to restrict lending to a prudent maximum amount for each institution.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year and the Council expects full repayment on the due date of deposits placed with its counterparties.

	Amount at 31.03.08 £000	Historical experience of non-payment adjusted for market conditions at 31.03.08 %	Estimated maximum exposure to default and uncollectibility £000
Deposits with banks, building societies and local authorities	23,642	0%	0
Customers and other income	30,075	11%	2,204
Total Investments	53,717		2,204

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Notes to the Core Statements (cont'd)

Note 20 : Financial Instruments (Cont'd)

(d) Nature and Extent of Risks arising from Financial Instruments (Cont'd)

The Council does not generally allow credit for customers, such that under the definition of "trade", £7.642m is past its due date for payment. The past due amount can be analysed by age as follows:

	£000
Less than three months	2,885
Three to six months	354
Six months to one year	879
More than one year	<u>3,524</u>
	<u>7,642</u>

Liquidity risk

The Council's main source of borrowing is the Treasury's Public Works Loans Board. There is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments. The Council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The Council's policy is to ensure that not more than 10% of loans are due to mature within any financial year and 50% within any rolling five-year period through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments.

The maturity analysis of financial liabilities is as follows:

	Creditors £000	Bank Overdraft £000	Borrowing £000	Total £000
Less than one year	35,135	2,309	550	37,994
Between one and two years	0	0	58	58
Between two and five years	0	0	1,107	1,107
More than five years	<u>0</u>	<u>0</u>	<u>209,596</u>	<u>209,596</u>
	<u>35,135</u>	<u>2,309</u>	<u>211,311</u>	<u>248,755</u>

Market risk

Changes in market interest rates influence the interest payable on borrowings and on interest receivable on surplus funds invested. For example, a rise in interest rates would mean an increase in the interest charges on borrowing at variable rates and an increased cost to the taxpayer. An increase in interest rates would also mean an increase in the income received on lending at variable rates and a reduction in cost for the taxpayer.

Changes in market rates also affect the notional "fair value" of lending and borrowing. For example, a rise interest rates would reduce the fair value of both lending and borrowing at fixed rates. Changes in the fair value of lending and borrowing do not impact upon the taxpayer and are confined to prescribed presentational aspects in the Accounts.

The Council has a variety of strategies for managing the uncertainty of future interest rates and the financial impact on the Council:

- It is the policy of the Council to limit its exposure to variable rate borrowing to a maximum of 30% of what it borrows.
- During periods of falling rates and where it is economically advantageous to do so, the Council will consider the repayment and restructuring of fixed interest rate debt.
- The Council takes advice from its specialist treasury advisers and actively monitors changes in interest rates to inform decisions on the lending of surplus funds, new borrowings and restructurings of existing borrowings.
- Any potential for a financial impact on the Council is also significantly limited by the Scottish Government's grant distribution mechanism that automatically adjusts for changes in interest rates in the government grant support the Council receives for "loan charges".

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Notes to the Core Statements (cont'd)

Note 20 : Financial Instruments (cont'd)

(d) Nature and Extent of Risks arising from Financial Instruments (Cont'd)

Market risk (cont'd)

The interest rate profile of the Council's borrowing is as follows:

	£000	%
Fixed Interest Debt	210,840	99.8
Variable Interest Debt	471	0.2
	<u>211,311</u>	

Foreign Exchange Risk

The Council does not lend or borrow in foreign currencies and has no exposure to gains or losses arising from movements in exchange rates.

Note 21 : Long Term Debtors

2006/07		2007/08
£000		£000
768	Opening balance at 01.04.07	606
(162)	Repayments	(91)
0	Additions	0
<u>606</u>	Closing balance at 31.03.08	<u>515</u>

Note 22 : Stocks and Work in Progress

2006/07		2007/08
£000		£000
827	Consumable stores	770
137	Work in progress	79
<u>964</u>		<u>849</u>

Note 23 : Debtors

2006/07	2006/07		2007/08	2007/08
£000	£000		£000	£000
26,288		Arrears of local taxation - council tax	27,055	
(18,253)	8,035	less bad debt provision	(19,070)	7,985
4,418		non domestic rates	3,054	
(2,431)	1,987	less bad debt provision	(2,549)	505
10,240		Community charge	9,741	
(10,240)	0	less bad debt provision	(9,741)	0
2,348		Housing rents receivable	2,538	
(1,567)	781	Less bad debt provision	(1,672)	866
	5,067	Central government grants		7,113
	3,145	VAT recoverable		1,052
	<u>16,171</u>	Other income due		<u>18,274</u>
	<u>35,186</u>			<u>35,795</u>

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Notes to the Core Statements (cont'd)

Note 24 : Sundry Creditors

2006/07		2007/08
£000		£000
2,522	Loan interest, etc. accrued	0
9,072	Accrued payrolls, PAYE, N. I. & superannuation	9,274
1,595	Advances from partner agencies	897
49	School resources carried-forward	49
3,293	Deferred Income	1,000
<u>20,515</u>	Other	<u>23,915</u>
<u>37,046</u>		<u>35,135</u>

Note 25 : Provisions

2006/07		2007/08
£000		£000
6,440	Equal pay claims and single status payments	13,532
<u>126</u>	Early severance	<u>220</u>
<u>6,566</u>		<u>13,752</u>

Equal pay claims and single status payments – This issue has arisen from the Single Status job evaluation exercise. The provision charges revenue in 2007/08 with the first two years' single status payments as well as holding the remainder of the equal pay claims provision for those employees still to settle.

Early Severance – This provision is held for those staff accepting a severance or early retiral package with a view to leaving in 2008/09.

Note 26 : Deferred Grants

2006/07		2007/08
£000		£000
12,439	Opening balance at 01.04.07	12,303
(3,928)	Repayments	(888)
<u>3,792</u>	Additions	<u>6,456</u>
<u>12,303</u>	Closing balance at 31.03.08	<u>17,871</u>

Note 27 : Contingent Assets or Liabilities

The Council is currently in negotiations with a contractor over the responsibility of payment of sums in addition to the agreed tender price for supplementary works required on the refurbishment of Dumbarton Bridge. The final cost to the Council, if any, is unknown.

The Council has a potential contingent liability relating to the risk that groups of workers not currently included in the equal pay provision may be successful in claiming compensation under the terms of the equal pay legislation.

Note 28 : Reserves and Deferred Income

Reserves and Earmarked Balances

The Council holds reserves on the Balance Sheet in respect of General Fund and HRA brought forward surpluses:

- (1) The General Fund balance stands at £3.308m on 31.03.08, none of which was applied to the 2008/09 budget and £1.031m is earmarked for ringfenced grant purposes, leaving an unearmarked balance of £2.277m.
- (2) The HRA balance is currently £1.538m as at 31.03.08, of which £0.300m was applied to the 2008/09 budget, leaving an unearmarked balance of £1.238m.

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Notes to the Core Statements (cont'd)

Note 28 : Reserves and Deferred Income (cont'd)

Deferred Income

The creditors' balance of £35.135m includes deferred income in connection with delays in spending government grants of £1.000m. The main grants affected by this delay are:-

2006/07		2007/08
£000		£000
164	Youth Crime	99
218	Working for families	0
211	Adult Literacy	72
88	Education Accessibility	0
502	Private Sector Housing	304
89	Fostering	116
0	Free school meals	215

Note 29: Authorised for Issue

As the responsible officer controlling the financial affairs of the Council, the Executive Director of Corporate Services signed the unaudited Accounts on 30 June 2008. Events which have taken place after the Balance Sheet date of 31 March 2008, and up to the date of the signing of the Accounts, have been considered in the production of these Accounts.

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Notes to the Core Statements (cont'd)

Note 30 : Analysis of Other Government Grants

2006/07 £000		£000
	Revenue	
1,468	Housing Benefit Administration	1,408
17	Supported Employment	26
15,575	Supporting People	14,355
250	Social Work -- Mental Illness	250
2,152	Other	1,252
116	Training	116
600	Working for Families	600
771	Housing, Environmental and Economic Development - Strategic Waste	919
59	- Other	59
797	Non HRA	1,407
119	Education - Pre 5	119
3,634	Other	3,193
7,470	National Priority Action Fund	5,330
22	Road Safety	25
4,726	Community Regeneration Fund	7,014
470	Private Sector Housing Grant	887
38,246		36,960
	Capital	
0	20 mph at schools	204
0	Contaminated Land	159
59	Heritage Lottery	0
0	Alexandria Medical Centre	250
0	Alexandria Shop Fronts	2
0	Balloch Park lottery	12
0	Blaes pitch conversion	10
0	Dumbarton Signage Strategy	30
1	Strategic Waste	86
0	Warm Deal	232
42	Air Quality Monitoring	0
0	Levensgrove Community Growing facility	69
154	Cycle/Walk/Safer Streets grant	176
48	ERDF	0
101	West Trans	3
11	Argyll Pavillion	0
89	Sports Scotland	0
45	South Drumry Neighbourhood Association	0
110	SPT	290
3,078	School Fund	2,811
0	New Early Years, Childcare and Play Capital Fund	162
214	Big Lottery	236
0	Rediscovering Dumbarton	89
20	Schools Estate Management Plan	0
0	Scottish Government Efficiency Funding	1,011
0	NEED Funding	189
0	Scottish Natural Heritage Grant	6
0	Sustrans	118
0	Telecare	142
0	Workforce development funds	49
3,972		6,336

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Notes to the Core Statements (cont'd)

Note 31 :Reconciliation of Consolidated Revenue Account to Revenue Activities

2006/07 £000		2007/08 £000
224	(Surplus)/Deficit for year	1,258
	Non Cash Transactions	
4,826	Contribution to provisions	(7,186)
(11)	Contributions to reserves	(9)
(905)	Contributions to Capital	(778)
(12,930)	Non cash movement relating to loans fund	(13,559)
(8,771)	Adjustment not involving movement of funds	3,527
	Items on an Accruals Basis	
56	Increase/(Decrease) in stock and WIP	(115)
1,081	Increase/(Decrease) in Debtors	(1,399)
(2,566)	(Increase)/Decrease in Creditors	(13,282)
(28,648)	Net Cash Flow from Revenue Activities	(31,543)

Note 32 : Analysis of Net Debt

	Balance at 01.04.07 £000	SORP £000	Cash Flow £000	Balance at 31.03.08 £000
Bank Overdraft	(2,905)	0	595	(2,309)
Cash in Hand	51	0	0	51
Decrease in Cash	(2,854)	0	595	(2,258)
Debt due after 1 year	(207,052)	(3,781)	72	(210,761)
Debt due within 1 year	(78)	0	(1)	(79)
Total Debt	(207,130)	(3,781)	71	(210,840)
Temporary lending/short term deposits	14,151	69	8,951	23,171
Total	(195,833)	(3,712)	9,617	(189,927)
Reconciliation of Movement in Cash to Net Debt				£000
Increase/(Decrease) in cash				595
Increase/(Decrease) in debt financing				71
Increase/(Decrease) in liquid resources ⁽¹⁾				8,951
Movement in debt in period				9,617
SORP Adjustments				(3,712)
Net debt as at 31 March 2007				(195,832)
Net debt as at 31 March 2008				(189,927)
⁽¹⁾ Definition of liquid resources				£000
Movement in short term investment loans				8,952
Movement in short term on-call borrowings				(1)
Increase/(Decrease) in liquid resources				8,951

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Housing Revenue Account (Council Housing)

This account reflects the statutory requirement to account for local authority housing provision, as defined in the Housing (Scotland) Act 1987. It shows the major elements of housing revenue expenditure and capital financing costs, and how these are met by rents and other income.

2006/07 £000		2007/08 £000
	Income	
(27,913)	Dwelling rents	(28,061)
(328)	Other rents	(325)
<u>(1,808)</u>	Other income	<u>(1,909)</u>
(30,049)		(30,295)
	Expenditure	
10,298	Repairs and maintenance	9,037
5,624	Supervision & management	5,911
1,632	Void properties	1,608
5,329	Depreciation and impairment	7,858
413	Bad/doubtful debts	293
<u>878</u>	Other expenditure	<u>904</u>
24,174		25,611
(5,875)	Net costs of HRA services as included in the whole authority income and expenditure account	(4,684)
<u>50</u>	HRA share of corporate and democratic core	<u>50</u>
(5,825)	Net cost of HRA services	(4,634)
	HRA share of the operating income and expenditure included in the whole authority accounts	
(1,648)	Gain or loss on sale of HRA fixed assets	(2,430)
4,905	Interest payable and similar charges	5,261
360	Amortisation of premiums and discounts	359
(366)	Interest and investment income	(569)
<u>(80)</u>	Pensions interest cost and expected return on pension assets	<u>(68)</u>
(2,654)	(Surplus)/deficit for the year on HRA services	(2,081)

Statement of Movement on the HRA Fund Balance

(2,654)	(Surplus)/Deficit to be met from Balances b/f	(2,081)
<u>4,136</u>	Net additional amount required by statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	<u>1,527</u>
1,482	(Increase)/Decrease in the HRA Fund Balance	(554)
<u>(2,466)</u>	HRA Balance brought forward	<u>(984)</u>
(984)	HRA Balance carried forward	(1,538)
	Amounts included in Income and Expenditure Account but require to be excluded when determining the Movement on the HRA Fund Balance for the year	
0	Difference between the finance costs calculated in accordance with the SORP and the amount calculated in accordance with statute	(138)
(5,329)	Depreciation and impairment of fixed assets	(7,858)
1,648	Net loss/surplus on disposal of fixed assets	2,430
<u>(109)</u>	Net charges made for retirement benefits in accordance with FRS17	<u>(12)</u>
(3,790)		(5,578)
	Amounts not included in Income and Expenditure Account but require to be included by statute when determining the Movement on the HRA Fund Balance for the year	
6,426	Loans Fund Principle repayments	7,105
	Transfers to/from HRA Fund Balance that are required to be taken into account when determining the movement on the HRA Fund Balance for the year	
<u>1,500</u>	Transfer to the General Fund from the HRA Account	<u>0</u>
4,136	Net additional amount required to be credited to the HRA Fund Balance for the year	1,527

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Housing Revenue Account (Council Housing) (cont'd)

The total of rents lost due to void properties is shown net of the value of those properties that have been earmarked for demolition.

2006/07	Rental Information	2007/08
£44.83	Average weekly rent (52wks)	£45.82
£000	Rent arrears (houses only):-	£000
1,271	Current	1,228
<u>1,078</u>	Former	<u>1,249</u>
<u>2,349</u>		<u>2,477</u>
	Provision made towards	
£1,567	Uncollectable debts (houses)	£1,672

Housing Stock as at 31 March 2008

	Dumbarton/ Alexandria	Clydebank	Total
Houses	1,919	1,699	3,618
High rise	436	1,334	1,770
4-in-a-block	1,864	1,614	3,478
Maisonette/Other flat	601	358	959
Tenement	<u>855</u>	<u>863</u>	<u>1,718</u>
	<u>5,675</u>	<u>5,868</u>	<u>11,543</u>

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Council Tax Account

Council Tax: £38.837m (2006/07 £36.769m)

2006/07 £000		2007/08 £000
43,796	Gross council tax	44,937
	Less:	
(48)	Council tax benefit (net of government grant)	102
0	Discounts for prompt payment	0
(5,638)	Other discounts and reductions	(5,581)
(1,647)	Provision for bad and doubtful debts	(1,284)
306	Adjustments for prior years	663
<u>36,769</u>	Transfer to General Fund	<u>38,837</u>

The calculation of the council tax base

	No of Dwellings	No of Exemptions	Disabled Relief	Discounts 25%	Discounts 50%	Total Dwellings Total	Ratio to Band D	Band D Equivalent
Band A(Disabled)	0	0	24	15	0	20	5/9	11
Band A	8,117	232	54	4,656	322	6,614	6/9	4,409
Band B	17,272	477	(31)	7,687	268	14,708	7/9	11,440
Band C	7,339	84	(12)	2,586	49	6,572	8/9	5,842
Band D	4,780	50	11	1,364	19	4,391	1	4,391
Band E	4,436	24	(31)	761	17	4,182	11/9	5,111
Band F	1,477	8	(4)	200	6	1,412	13/9	2,040
Band G	530	3	(11)	53	3	501	15/9	835
Band H	31	1	0	0	3	29	18/9	58
						Total		34,137
						Provision for bad debt		<u>1,109</u>
						Council Tax Base		<u>33,028</u>

The nature and actual amount of each charge fixed

Gross Charges

Dwellings fall within a valuation band between 'A' to 'H' which is determined by the Assessor. The council tax charge is calculated using the council tax base i.e. band D equivalents. This charge is then decreased/increased dependent on the band. The band D charge for 2007/08 was £1,163.

	2006/07 £ per year	2007/08 £ per year
Band A	759	775
Band B	885	905
Band C	1,012	1,034
Band D	1,138	1,163
Band E	1,391	1,421
Band F	1,644	1,680
Band G	1,897	1,938
Band H	2,276	2,326

Discounts, Reliefs and Exemptions

A council tax bill is reduced by 25% where a property has only one occupant or 50% where the property is empty. For council tax purposes certain students are not regarded as occupants. Certain properties may also qualify for relief if the property has been adapted for a disabled person. Properties undergoing major renovation or held pending demolition may be awarded exemption from council tax.

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Non-Domestic Rates Account

Non-Domestic Rates Income £33.363m (2006/07 £34.123m)

Non-domestic rates are pooled for Scotland as a whole and redistributed to authorities on a basis which reflects population. West Dunbartonshire Council received £33.363m (2006/07 £34.123m) from the national pool. The amount deemed to be collected locally was £58.236m (2006/07 £59.690m). The sum actually collected locally and contributed to the pool was £55.234m (2006/07 £56.675m), made up as follows:

2006/07 £000		2007/08 £000
63,187	Gross rates levied	61,185
	Less:	
(3,956)	Reliefs and other deductions	(3,670)
(632)	Provision for bad and doubtful debts	(611)
58,599	Net non-domestic rate income	56,904
(1,924)	Adjustments for prior years	(1,670)
<u>56,675</u>	Contribution to National Non-Domestic Rate Pool	<u>55,234</u>

The non-domestic rates pool operates on a cash accounting basis and as such the non-domestic rate income account within West Dunbartonshire Council is calculated on a similar basis.

<i>Analysis of rateable Values:</i>	£	<i>An explanation of the nature and amount of each rate fixed</i>
Rateable value at 1/4/07	139,205,372	The amount paid for non-domestic rates is determined by the rateable value placed on the property by the Assessor multiplied by the rate per £ announced each year by the government.
Running roll (full year RV)	1,012,901	The national non-domestic rate poundage set by the First Minister for Scotland for 2007/08 was £0.441.
Rateable value at 31/3/07	138,192,471	
Less: partially exempt	787,450	
Less: wholly exempt	<u>5,454,175</u>	
Net rateable value at 31/3/08	<u>131,950,846</u>	

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Capital Account

Budgetary Performance

2006/07 Actual as % of budget		2007/08 Budget £000	2007/08 Actual £000	Actual as a % of budget
87.41%	Chief Executive/Other	3,996	3,639	91.07%
108.58%	Educational Services	3,698	2,480	67.06%
107.12%	Social Work	1,796	1,807	100.61%
86.85%	Housing, Environmental and Economic Services	8,176	6,905	84.45%
92.30%	Other Services	951	873	91.80%
93.39%	Total General Services	18,617	15,704	84.35%
97.96%	HRA	15,028	14,294	95.12%
95.59%	Gross Capital Expenditure	33,645	29,998	89.16%
100.00%	General Services – Capital from Current Revenue	0	0	0%
95.73%	Gross Capital Spend	33,645	29,998	89.16%

Service Summary

	Capital debt at 31/03/07 £000	Net capital Expenditure 2007/08 £000	Repaid during 2007/08 £000	Capital debt at 31/03/08 £000
Chief Executive/other	6,334	64	514	5,884
Educational Services	32,224	15	1,786	30,453
Social Work	6,381	1,200	674	6,907
Housing, Environmental and Economic Services	71,745	3,876	3,810	71,811
Total General Services	116,684	5,155	6,784	115,055
HRA	81,901	9,112	7,196	83,817
Net Capital Debt	198,585	14,267	13,980	198,872

Financing of Capital Expenditure

2006/07 £000		General Services £000	Housing £000	Total £000
11,135	Receipts from sale of assets	3,553	5,622	9,175
4,541	Other receipts	7,766	366	8,132
15,676	Total receipts 2007/08	11,319	5,988	17,307
11,437	Unapplied receipts b/fwd 2006/07	12,820	1,818	14,638
0	Adjustment to b/fwd balance	414	0	414
0	Transfer to sinking fund	(5,669)	0	(5,669)
407	Revenue Contributions	0	0	0
27,520	Total resources available 2007/08	18,884	7,806	26,690
(14,638)	Unapplied receipts c/fwd 2007/08	(8,335)	(2,624)	(10,959)
12,882	Total receipts used to augment capital 2007/08	10,549	5,182	15,731
16,776	Capital financing requirement for year	5,155	9,112	14,267
29,658	Gross Capital Spend 2007/08	15,704	14,294	29,998

Commitments under Capital Contracts

As at 31 March 2008, the Council has commitments on capital contracts for housing and non-housing projects of £3.501m (2006/07 £2.422m) and £6.010m (2006/07 £2.451m) respectively.

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Statement of Total Movement in Reserves

	Balance at 01.04.2007 £000	Net Movement £000	Balance at 31.03.2008 £000	Purpose of Reserve
Revaluation Reserve	0	(13,359)	(13,359)	Store of gains on revaluation of fixed assets not yet realised through sales
Capital Adjustment Account	(252,969)	9,308	(243,661)	Store of capital resources set aside to meet past expenditure
Financial Instruments Adjustment Account	0	22,374	22,374	Balancing account to allow for differences in statutory requirements and proper accounting practices for borrowing and investments.
Usable Capital Receipts Account	(14,638)	3,679	(10,959)	Proceeds of fixed asset sales available to meet future capital investment.
Pension Reserve	56,405	(46,107)	10,298	Balancing account to allow the inclusion of pension liability in the balance sheet.
General Fund Account	(4,566)	1,258	(3,308)	Resources available to meet future running costs for general services.
Housing Revenue Account Balance	(984)	(554)	(1,538)	Resources available to meet future running costs of council housing.
Capital Items Replacement Fund	(336)	9	(327)	Resources earmarked for specific purposes within Education.
Schools Regeneration Sinking Fund	0	(5,768)	(5,768)	Resources earmarked for specific purposes within Education.
	(217,088)	(29,160)	(246,248)	

Revaluation Reserve

	2007/2008
	£000
Balance as at 01.04.07	0
Revaluations of fixed assets	(11,631)
Other valuation adjustments	(1,728)
Balance at 31.03.08	(13,359)

Capital Adjustment Account

	2007/2008
	£000
Balance as at 01.04.07	(252,969)
Repay external loans	(13,887)
Depreciation	13,669
Impairment	13,290
Government grants deferred withdrawn	(888)
Capital receipts applied	(9,463)
Disposal of Fixed Assets	6,496
Long term debtors repayments	91
Balance as at 31.03.08	(243,661)

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Statement of Total Movement in Reserves (cont'd)

Financial Instruments Adjustment Account	2007/2008
	£000
Balance as at 01.04.07	0
Extinguishment of premiums and discounts held at 1.4.07	21,900
Annual write off of premiums and discounts	(837)
Stepped Interest Instruments to EIR	982
Annual EIR adjustment	329
Balance as at 31.03.08	<u>22,374</u>
Useable Capital Receipts Reserve	2007/2008
	£000
Balance as at 01.04.07	(14,638)
Capital Receipts available : General Services	(5,556)
HRA	(5,897)
Appropriation to Schools Regeneration Sinking Fund	5,669
Capital Receipts Applied: General Services	4,786
HRA	5,091
Other contributions	(414)
Balance as at 31.03.08	<u>(10,959)</u>
Pension Reserve	2007/2008
	£000
Balance as at 01.04.07	56,405
Payments to pension fund	(11,099)
Reversal of FRS17 composite entries	11,684
Actuarial Gain	(44,604)
Contributions for unfunded benefits	(2,088)
Balance as at 31.03.08	<u>10,298</u>
Capital Items Replacement Fund	2007/2008
	£000
Balance as at 01.04.07	(336)
Unrealised (gains)/losses on investments	9
Other charges	0
Closing balance at 31.03.08	<u>(327)</u>
Schools Regeneration Sinking Fund	2007/2008
	£000
Balance as at 1.4.07	0
Appropriation from useable capital receipts account	(5,669)
Unrealised (gain)/loss on investment	(99)
Balance as at 31.3.08	<u>(5,768)</u>
Statement of Total Recognised Gains and Losses on the Pension Reserve	
2006/07	2007/08
£000	£000
279 Actual return less expected return on pension scheme assets	(37,454)
(1,625) Experience gains and losses arising on the scheme liabilities	(1,316)
32,304 Changes in financial assumptions underlying the present value of the scheme liabilities	83,374
<u>30,958</u> Actuarial gain/ (loss) recognised	<u>44,604</u>

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Group Accounts

Group Accounting Policies

Introduction

The Code of Practice on Local Authority Accounting in the United Kingdom 2007: A Statement of Recommended Practice (the 2007 SORP) requires local authorities to consider their interests in all types of entity. This includes other local authorities or similar bodies defined in section 106 of the Local government (Scotland) Act 1973 e.g. statutory bodies such as Police, Fire and Valuation Joint Boards. Authorities are required to prepare a full set of group accounts in addition to their own Council's accounts where they have a material interest in such entities. The disclosure requirements of the 2007 SORP are mandatory for accounting periods ending on or after 31 March 2008.

Combining Entities

The Group Accounts consolidate the results of the Council with five other entities:

Dunbartonshire and Argyll & Bute Valuation Joint Board
Strathclyde Police Joint Board
Strathclyde Fire and Rescue Joint Board
Strathclyde Partnership for Transport
Strathclyde Concessionary Travel Joint Board

In addition to these entities, the Dumbarton Common Good and Sundry Trust Funds have also been consolidated.

The accounting period for all entities is 31 March 2008.

The council would class an entity as an associate if they have significant influence over the financial and operating policies of the entity. The council would class an entity as a subsidiary if they have a major interest in the entity.

Under accounting standards, this Council includes the results of each of these organisations as 'associates' because it has a significant influence over their financial and operating policies. The council has no shares in nor ownership of any of these organisations which are entirely independent of the Council.

The Joint Boards are independent public bodies formed by an Act of Parliament. All local government functions that relate to these bodies have been delegated from the constituent councils that comprise the area of each Board. The members of each Board are elected councillors and are appointed by the councils in proportions specified by legislation.

Basis of Combination and Going Concern

The combination has been accounted for on an acquisition basis using the equity method – that is, the Council's share of the net assets and liabilities of each entity is incorporated and adjusted each year by the Council's share of the entities' results (recognised in the Group Income and Expenditure Account), and its share of other gains and losses.

For two of the five entities, the Council has a share in a net liability. The negative balances on Police and Fire Boards arise from the inclusion of liabilities related to defined benefit pension schemes as required by FRS17.

The effects of inclusion of these associate bodies on the Group Balance Sheet is to reduce reserves and Net Assets by £190.551m – representing the Council's share of net liabilities in these entities.

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Group Accounts (cont'd)

Group Accounting Policies (cont'd)

All associates consider it appropriate that their Statement of Accounts should follow the 'going concern' basis of accounting. Statutory arrangements with the Scottish Executive for the funding of the Police Joint Board deficit and with the constituent local authorities for the deficit of Fire Joint Board means that the financial position of these Boards remain assured.

In common with these bodies, the Council's group accounts have been prepared on a going concern basis, as there is no reason to suggest that future funding will not continue.

Disclosure of differences with main Statement of Accounting Policies

The financial statements in the Group Accounts are prepared in accordance with the accounting policies set out on pages 7 to 11 with additions and exceptions noted below:

- **Group income and Expenditure Account**
- Proceeds from Disposal of Fixed Assets – Profits and losses from the disposal of fixed assets are credited or debited to the Group Income and Expenditure Account within the net cost of services. The proceeds are then appropriated out after net operating expenditure. For those proceeds associated with the disposal of the Council's assets, appropriation is to the Group Reserves. For those proceeds associated with the disposal of associates' assets, appropriation is to the Group income and Expenditure Reserve.
- **Group Balance Sheet**
- Valuation of Fixed Assets – The basis for valuation across the combining entries is in accordance with UK GAAP and there are no material inconsistencies with the policies adopted by this Council. The Strathclyde Passenger Concessionary Travel Scheme has no fixed assets. The valuation of the land and buildings held by SPT is based upon historic cost, whereas other land and building assets held by the Group are based upon an open market valuation. The difference is unlikely to be material to the group accounts.
- Stock – Valuation methods vary slightly across the Group. The Council uses weighted average cost. The difference in valuation methods does not have a material impact on the results of the group given the levels of stock held within the organisations.

Disclosure of prior year adjustment

It has been necessary to restate the 2006/07 financial statements in the Group Accounts, for comparison reasons. The adjustments are:

- The Argyll, Bute and Dunbartonshires Criminal Justice Social Work Partnership Joint Committee has been removed from the financial consolidation as this entity has now been superseded with a new organisation which is not considered an associate body.
- Dumbarton Common Good Fund and Sundry Trusts have now been included in the financial consolidation as associate bodies.

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Group Income and Expenditure Account for the year ended 31 March 2008

2006/07*		Gross	Gross	Net
Restated		Expenditure	Income	Expenditure
£000	Service	2007/08	2007/08	2007/08
		£000	£000	£000
88,194	Education	100,337	15,412	84,925
2,354	Central Services	5,488	1,648	3,840
(1,212)	Planning and Development Services	5,307	6,744	(1,437)
7,384	Roads and Transport Services	16,886	9,355	7,531
40,210	Social Work Services	82,587	37,009	45,578
2,615	Corporate and Democratic Core	3,185	74	3,111
12,544	Cultural and Related Services	13,719	1,205	12,514
9,022	Environmental Services	17,696	6,880	10,816
(3,999)	Housing Services	67,701	70,945	(3,244)
1,405	Non Distributed Costs	10,138	0	10,138
19	Share of Operating Results of Common Good and Trusts	279	213	66
<u>1,814</u>	Share of Operating Results of Associates	<u>2,327</u>	<u>672</u>	<u>1,655</u>
160,350	Net Cost of Services	325,650	150,157	175,493
(2,554)	Surpluses on Trading Undertakings not included in net cost of services	0	1,365	(1,365)
22,663	Precepts and Levies	36,550	13,694	22,856
(1,932)	Profit or Losses on Disposal of Assets	57	3,710	(3,653)
11,992	Interest Payable	12,953	0	12,953
837	Gain on Early Settlement of Borrowing	838	0	838
(1,060)	Interest and Investment Income	0	2,128	(2,128)
<u>9,636</u>	Pension interest cost and expected return on pension assets	<u>35,857</u>	<u>26,426</u>	<u>9,431</u>
199,932	Net Expenditure	411,905	197,480	214,425
(36,769)	Revenue support grant	0	38,837	(38,837)
(34,123)	Non-Domestic Rates	0	33,363	(33,363)
<u>(115,003)</u>	Council Tax	<u>0</u>	<u>120,768</u>	<u>(120,768)</u>
14,037	(Surplus)/Deficit to be met from Balances b/f	411,905	390,448	21,457

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Reconciliation of the Single Entity Deficit for the Year to the Group surplus or deficit

This statement shows how the deficit on the Council's single entity Income and Expenditure Account for the year reconciles to the deficit on the Group Accounts

2006/07 £000		2007/08 £000
224	(Surplus)/Deficit on the authority's single entity Income and Expenditure Account for the year	6,894
(1,236)	Less: associate income and any other distributions from group entities included within the single entity surplus or deficit on the Income and Expenditure account	(1,353)
(5)	Add: (surplus)/deficit arising from Common Good and Trusts included in the group accounts	37
15,054	Add: (Surplus)/Deficit arising from Associates included in the group accounts	15,879
<u>14,037</u>	Group Account (surplus)/deficit for the year	<u>21,457</u>

Group Statement of total Recognised Gains and losses

2006/07 £000		2007/08 £000
14,037	Net (surplus)/deficit for the year	21,457
(48,080)	(Surplus)/deficit on revaluation of fixed assets	(18,324)
(21,650)	Actuarial gains and losses on pension assets and liabilities	(91,796)
0	Adjustments to the Balance Sheet relating to Financial Instruments	22,374
<u>(55,693)</u>	Total recognised gains and losses for the year	<u>(66,289)</u>

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Group Balance Sheet as at 31 March 2008

2006/07 £000		2007/08 £000	2007/08 £000
121	Intangible Assets		
	Software Licences		201
	Operational Assets		
189,434	Council Dwellings		
172,560	Other Land and Buildings	192,968	
12,770	Vehicles, Plant and Equipment	173,320	
27,699	Infrastructure Assets	12,475	
240	Community Assets	29,053	
402,703		240	408,056
	Non-Operational Assets		
50,328	Investment Property		
13,432	Assets surplus to requirements	53,002	
0	Assets under construction	13,791	
63,760		1,022	67,815
	Long-term Investments		
621	Investments in associates		
513	Investment in Trusts and Common Good	3,689	
606	Long-term debtors	478	
1,740		515	4,682
21,900	Deferred Premiums		0
490,224	Total Long-term Assets		480,754
	Current Assets		
964	Stock and work in progress		
35,186	Debtors	849	
14,611	Short term investments	35,795	
51	Cash in hand	23,642	
50,812		51	60,337
	Current Liabilities		
(538)	Borrowing repayable on demand or within 12 months		
(37,046)	Creditors	(550)	
(2,904)	Bank Overdraft	(35,135)	
(40,488)		(2,309)	(37,994)
500,548	Total Assets Less Current Liabilities		503,097
(207,052)	Borrowing repayable within a period in excess of 12 months	(210,761)	
(228,814)	Investments in associates	(194,718)	
(6,566)	Provision	(13,752)	
(56,405)	Liability related to defined pension scheme	(10,298)	
(12,303)	Deferred Grants	(17,871)	(447,400)
(511,140)			
(10,592)	Net Assets Less Liabilities		55,697

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Group Balance Sheet as at 31 March 2008 (cont'd)

2006/07 £000		2007/08 £000	2007/08 £000
	Capital Reserves		
0	Revaluation Reserve		
0	Capital Adjustment Account	13,359	
0	Financial Instrument Adjustment Account	243,661	
144,136	Fixed Asset Restatement Account	(22,374)	
108,833	Capital Financing Account	0	
<u>14,638</u>	Usable Capital Receipts Reserve	0	
267,607		<u>10,959</u>	
	Revenue Provisions and Reserves		245,605
(56,405)	Pension reserve		
4,566	General Fund reserve	(10,298)	
(227,680)	Income and expenditure reserve	3,308	
336	Other reserves	(190,551)	
<u>984</u>	Housing revenue account balance	6,095	
(278,199)		<u>1,538</u>	
<u>(10,592)</u>	Group Balances and Reserves		<u>(189,908)</u>
			<u>55,697</u>

Joyce White FCMA
Executive Director of Corporate Services
West Dunbartonshire Council
30 June 2008

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Notes to the Group Accounts

Note 1 Details of combining entities

The notes required for the accounts of West Dunbartonshire Council are disclosed separately in the preceding pages. The following notes provide material additional amounts and details in relation to the other combining entities.

Strathclyde Police Joint Board is the statutory body established under the Strathclyde Combined Police Area Amalgamation Scheme Order 1995 and provides a vast range of policing services on behalf of the 12 local authorities in the West of Scotland. In 2007/08, the Council contributed (net of specific grant) £12.990m (2006/07 £13.073m) or 5.25% (2006/07 5.25%) of the Board's estimated running costs and its share of the year end net liability of £148.880m (2006/07 £176.077m) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to Strathclyde Police Joint Board, Glasgow City Chambers, Glasgow G2 1DU.

Strathclyde Fire and Rescue Joint Board is the statutory body responsible for overseeing the activities of Strathclyde Fire and Rescue, which provides fire and emergency cover on behalf of the 12 local authorities in the West of Scotland. In 2007/08, the Council contributed £9.151m (2006/07 £8.878m) or 6.52% (2006/07 6.51%) of the Board's estimated running costs and its share of the year end net liability of £45.838m (2006/07 £51.390m) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to Strathclyde Fire and Rescue Joint Board, Bothwell Road, Hamilton, ML03 0EA.

Strathclyde Partnership for Transport is the statutory body responsible for formulating the public transport policy on behalf of the 12 local authorities in the West of Scotland. Most of its funding comes from the Scottish Executive to fund the Rail Franchise payment and to ensure delivery of rail services within the Board's area as specified in the rail franchise agreement. In 2007/08, the Council contributed £1.513m (2006/07 £1.491m) or 4.35% (2006/07 4.35%) of the Board's estimated running costs and its share of the year end net asset of £3.138m (2006/07 £1.347m) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to the Strathclyde Partnership for Transport, Consort House, West George Street, Glasgow G2 1HN.

Strathclyde Concessionary Travel Scheme Joint Board oversees the operation of the concessionary fares scheme for public transport on behalf of the 12 local authorities in the West of Scotland. The costs of the scheme are funded through requisitions from the 12 councils and by the Scottish Executive via a 'section 70' grant. In 2007/08, the Council contributed £0.128m (2006/07 £0.164m) or 4.19% (2006/07 4.15%) of the Board's estimated running costs and its share of the year end net asset of £0.388m (2006/07 £0.414m) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to the Strathclyde Partnership for Transport, Consort House, West George Street, Glasgow G2 1HN.

Dunbartonshire and Argyll and Bute Valuation Joint Board was formed in 1996 at local government re-organisation by an Act of Parliament. The Board maintains the electoral, council tax and non-domestic rates registers for the three councils of West Dunbartonshire, East Dunbartonshire and Argyll and Bute. The Boards running costs are met by the three authorities, with surpluses and deficits on the Boards operations also shared between the councils. In 2007/08, the Council contributed £0.715m (2006/07 £0.712m) or 27.04% (2006/07 27.03%) of the Board's estimated running costs and its share of the year end net asset of £0.163m (2006/07 £0.207m) is included in the Group Balance Sheet. Copies of its accounts may be obtained from the Treasurer to the Valuation Joint Board, Garshake Road, Dumbarton G82 3PU.

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Notes to the Group Accounts (cont'd)

Note 1 Details of combining entities (cont'd)

The following disclosures are required under accounting regulations because the Council's share of the net asset of the Valuation Joint Board exceeds 25%.

2006/07		2007/08
£000		£000
(16)	Net Surplus/(deficit)	(37)
166	Fixed Assets	162
115	Current Assets	111
109	Current Liabilities	106
7	Loans outstanding	3
164	Capital Reserves	163
Nil	Contingent Liabilities	Nil
Nil	Capital commitments	Nil

Note 2 Non-Material Interest in Other Entities

The Council has an interest in a number of other organisations. The Council's share of their net assets or liabilities is not material to the fair understanding of the financial position and transactions of the Council. Accordingly, the Group Accounts do not include these organisations. Under Accounting Regulations, the Council is required to disclose the business nature of each organisation.

Authorities Buying Consortium is a joint committee of all councils in the West of Scotland. It is a non-profit making purchasing agency and serves the buying needs of the public sector, charities and voluntary organisations.

Clydebank Municipal Bank is a company limited by shares set up based upon the Companies Act 1908 and 1913. It acts as banker for a number of private individuals/organisations. The Council provides services to the bank and funds any annual losses incurred. The bank's year end is 5 April.

Note 3 Financial Impact of Consolidation

The effect of inclusion of the entities on the Group Balance Sheet is to decrease reserves and net assets by £190.551m (2006/07 £227.680m) respectively representing the Council's share of the realisable surpluses/deficits in these organisations. This leaves the group account with an overall net asset of £55.697m (2006/07 net liability of £10.592m).

Note 4 Reporting Authority Adjustments to align with UK GAAP

In accordance with UK accounting standards, no adjustments have been made for transactions carried out and balances held between the Council and its associates in the Group Accounts.

To align with UK GAAP, it has been necessary to include the deficit of £0.052m for the Dumbarton Common Good and the surplus of £0.016m the trust funds administered by the Council as sole trustee.

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Notes to the Group Accounts (cont'd)

Note 5 Analysis of Material Amounts in Income and Expenditure Account

The following table provides an analysis of the Council's share of the material amounts as a result of the inclusion of the associates.

Contribution to Group Income and Expenditure Reserve:

2006/07		2007/08
£000		£000
(176,077)	Police Joint Board	(148,880)
(51,390)	Fire Joint Board	(45,838)
(1,347)	Passenger Transport Authority	3,138
414	Concessionary Travel Board	388
207	Valuation Joint Board	163
513	Common Good and Trust Funds	478
(227,680)	Total	(190,551)

Note 6 Group Cash Flow Statement

The impact of the incorporation of the associates within the group cash flow statement is nil, therefore, no cashflow statement is noted within the Group Accounts. The cashflow of the group is equal to the cashflow of the Council, as shown On page 17.

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Common Good Fund

The Council administers the Dumbarton Common Good Fund Account. The figures below summarise the income and expenditure for the year as well as the assets and liabilities as at 31 March 2008. The fund does not represent assets of the Council and has not been included within the Balance Sheet on pages 15 and 16.

Summary Income and Expenditure Account

2006/07		2007/08	2007/08
£000	Expenditure	£000	£000
113	Payments to Other Bodies		137
0	Municipal Buildings		10
56	Denny Tank		56
46	Libraries – Book Fund		46
<u>27</u>	General Expenditure		<u>28</u>
242			277
	Income		
226	Rent – Sites and Offices	212	
10	Interest on Revenue Balances	12	
<u>1</u>	Other Income	<u>1</u>	
237			225
<u>5</u>	Net surplus/(deficit) for year		<u>(52)</u>
209	Balance brought forward		204
<u>204</u>	Balance carried forward		<u>152</u>

Balance Sheet as at 31 March 2008

2006/07		Note	2007/08	2007/08
£000			£000	£000
	Fixed Assets			
1,978	Investment properties	1		2,586
	Current Assets			
5	Debtors	2	0	
215	Investments – West Dunbartonshire Council		<u>160</u>	160
	Current Liabilities			
<u>(16)</u>	Creditors falling due within one year	3		<u>(8)</u>
<u>2,182</u>	Total assets less liabilities			<u>2,738</u>
	Funds Available			
0	Revaluation Reserve			607
1,978	Fixed Asset Restatement Account			0
0	Capital Adjustment Account			1,978
<u>204</u>	Reserves			<u>153</u>
<u>2,182</u>				<u>2,738</u>

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Common Good Fund (cont'd)

Notes to the Financial Statements

Note 1 Tangible fixed assets and depreciation

All assets valued over £6,000 are capitalised and valued at market value. Depreciation is charged on assets other than Investment assets on a straight line basis over their estimated life. The Fund only holds investment assets.

Note 2 Analysis of Sundry Debtors

2006/07		2007/08
£000		£000
5	Rental Income Due	0

Note 3 Analysis of Sundry Creditors

2006/07		2007/08
£000		£000
16	Accrued expenditure	6
0	Prepayment of Rent	2
<u>16</u>		<u>8</u>

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Sundry Trust Funds

The Council acts as sole or custodian trustee for a number of trust funds, which may be used for various purposes depending on the terms of the Trust. In all cases, the funds do not represent assets of the Council and they have not been included within the balance sheet on pages 15 and 16. All charities noted below are registered within the Office of the Scottish Charities Regulator.

Income and Expenditure Account

2006/07			2007/08		
Receipts £000	Payments £000	Net Fund Increase/ (decrease) £000	Receipts £000	Payments £000	Net Fund Increase/ (decrease) £000
3	0	3	4	0	4
1	0	1	1	0	1
6	4	2	8	1	7
1	0	1	1	1	0
1	0	1	1	0	1
0	0	0	0	0	0
1	0	1	1	0	1
1	0	1	1	0	1
<u>14</u>	<u>4</u>	<u>10</u>	<u>17</u>	<u>2</u>	<u>15</u>

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Sundry Trust Funds (cont'd)

Statement of Balances as at 31 March 2008

	Note	Balance as at 1/4/07 £000	Surplus/ (deficit) for year £000	Balance as at 31/3/08 £000
Bank and Cash				
Dunbartonshire Educational Trust Scheme 1962		70	4	74
McAuley Prize for Mathematics		19	1	20
Alexander Cameron Bequest		140	7	147
Dr A K Glen Fund		24	0	24
War Memorial Dumbarton		13	1	14
Halkett Memorial Trust		2	0	2
Vale of Leven Fund		14	1	15
UIE Award		<u>21</u>	<u>1</u>	<u>22</u>
Total		<u>303</u>	<u>15</u>	<u>318</u>
Reserves				
Dunbartonshire Educational Trust Scheme 1962	1	<u>6</u>	<u>0</u>	<u>6</u>
Total		<u>6</u>	<u>0</u>	<u>6</u>
Grand Total		<u>309</u>	<u>15</u>	<u>324</u>

Notes to Financial Statements

Note 1 Market value of shares held

Market Value of Shares Held

	Purchase Price £	Market Value £
Dunbartonshire Educational Trust Scheme 1962		
3 ½% War Stock	2,710	2,168
2 ½% Consolidated Stock	753	416
3 ½% Conversion Stock	2,504	1,927
4% Clydeport Authorit	289	239
3% Clydeport Authority	<u>35</u>	<u>22</u>
	<u>6,291</u>	<u>4,772</u>

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Glossary of Terms

While much of the terminology used in this report is self explanatory, the following additional definitions and interpretation of the terms used are provided for assistance. The Glossary of Terms does not comprise part of the audited financial statements.

1. Employee Costs

This includes salaries, wages, overtime, bonus, enhancements, pensions, employer's national insurance, travelling and subsistence expenses and other staff allowances.

2. Property Costs

This includes rent and rates, property insurance, repair and maintenance of property, upkeep of grounds, heating and lighting, furnishings and fittings.

3. Supplies and Services

This includes food, materials, books, uniforms and protective clothing, the purchase and maintenance of equipment and tools and various services carried out by external contractors.

4. Transport and Plant Costs

This includes the costs of operating vehicles and plant such as fuel, repairs and maintenance, tyres, licences, insurance and procurement of transport for school children.

5. Administration Costs

This includes printing and stationery, advertising, postages, telephone costs and central support services allocations for administration.

6. Payments to Other Bodies

This includes grants to individuals and organisations, bursaries and payments to other local authorities, health boards, organisations and agencies providing services complementing or supplementing the Council's work.

7. Other Expenditure

This heading covers items of expenditure which cannot be accommodated in any of the above categories.

8. Loan Charges

This represents the annual costs of financing the sums borrowed by the Council to finance its capital repayment of loans, finance leasing charges, interest charges and debt management expenses.

9. Specific Government Grants

This includes grants received from Central Government in respect of a specific purpose or service, usually calculated as a predetermined percentage of the expenditure actually incurred e.g. National Priority Action Fund, Benefits Administration.

10. General Income

This includes the charges to persons and bodies for the direct use of the Council's services.

11. Capital Expenditure

This is expenditure incurred in creating, acquiring or improving assets where the expenditure is normally financed by borrowing over a period of years, finance leases, or utilising the income from the sale of existing assets.

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Glossary of Terms (cont'd)

12. Capital Financed from Current Revenue

This is expenditure incurred in creating, acquiring or improving assets where that expenditure is charged directly to the revenue account.

13. Fixed Assets

Fixed Assets are created as a result of the capital expenditure incurred by the Council. As such they comprise buildings and property, vehicles, plant and machinery, computer equipment, etc.

14. Deferred Asset

The deferred asset represents the net value of the premium paid/discounts received by the Council on the early repayment of external long term loans.

15. Fixed Asset Restatement Account

The Fixed Asset Restatement Account represents the balance between the historic cost or purchase price of a fixed asset and its market value as at 31 March 2008.

16. Useable Capital Receipts Reserve

The Useable Capital Receipts Reserve represents the capital receipts available to finance capital expenditure in future years, after setting aside the statutory amounts for the repayment of external loans.

17. Pension Interest Cost

The expected increase during the period in the present value of the scheme liabilities because the benefits are one year closer to settlement.

18. Expected Return of Pension Assets

The average rate of return expected over the remaining life of the related obligation on the actual assets held.

19. CIPFA

Chartered Institute of Public Finance and Accountancy

20. LASAAC

Local Authority (Scotland) Accounts Advisory Committee

21. Budget

The original revenue budget as set by Members at an appropriate Council meeting.

22. Precepts

Annual payments made to other government bodies for public services given in the local area (e.g. Police, Fire, Transport).

23. SORP/ACOP

Statement of Recommended Practice – Accounting Code of Practice.

WEST DUNBARTONSHIRE COUNCIL
Financial Statements for the Year Ended 31 March 2008

Glossary of Terms (cont'd)

24. Intangible Assets

Expenditure on assets such as software licences that do not have physical substance but are identifiable and controlled by the Council.

25. Corporate and Demographic Core Costs

This includes costs relating to policy making and other councillor based activities. Also includes costs relating to the general running of the Council.

26. Non Distributing Costs

These costs represent costs which cannot be easily allocated to services and under Best Value Accounting Code of Practice are excluded from total cost relating to service activity.

27. Revaluation Reserve

This fund is a store of gains on the revaluations of fixed assets. It is a reserve held for technical accounting purposes and is not available for distribution.

28. Capital adjustment account

This fund is a store of capital resources set aside to meet past expenditure. It is an account held for technical accounting purposes and is not available for distribution.

29. Financial Instrument Adjustment Account

This account is used to balance for differences in statutory requirements and proper accounting practices for borrowing and lending. It is an account held for technical accounting purposes and is not available for distribution.

30. Associate Body

An entity other than a subsidiary or a joint venture in which the Council has an interest and over whose operating and financial policies the Council is able to exercise significant influence.

31. Entity

A body that is delivering a service or carrying on a business. It should have a separate legal personality and is legally obliged to prepare its own financial statements.

